



PHIL BRYANT  
GOVERNOR

December 7, 2012

The Honorable Tate Reeves  
Lieutenant Governor  
New Capitol  
Jackson, Mississippi 39201

The Honorable Philip Gunn, Esq.  
Speaker of the House of Representatives  
New Capitol  
Jackson, Mississippi 39201

Gentlemen:

As we enter the final days of our first year in our current offices, let me tell you again what a pleasure it is to serve with you. We are working hard and working together to make a difference for Mississippians, and I am proud of our accomplishments. I am especially proud of the open and honest conversations we have had regarding our positions on various issues, and I look forward to continuing our relationship in that spirit.

Earlier this year, the United States Supreme Court held that the Constitution prohibits the Federal Government from forcing states to expand their Medicaid programs by threatening to withhold existing federal Medicaid funds. The State of Mississippi, through the Office of the Governor, was a plaintiff in that case, which challenged not only the Medicaid expansion but also the "individual mandate" and the "Patient Protection and Affordable Care Act" (PPACA) as a whole.

Since the Court's ruling, the Mississippi Division of Medicaid retained Milliman, Inc. to perform an updated analysis on the impacts of the PPACA on the Division of Medicaid and thus the State of Mississippi. This updated report, which I transmit to you today, uses current Census data, as well as non-public data supplied directly by the Division of Medicaid, to document the financial impact of the PPACA on the Division's budget through 2020 and takes into account all populations affected by an expansion of Medicaid.

The Milliman report arrives at the same ultimate conclusion as other reports produced by the Henry J. Kaiser Family Foundation and the Mississippi Institutions of Higher Learning—expanding Medicaid in Mississippi will cost this State millions of dollars *in addition to* what we already spend to operate the Medicaid program. For the coming State Fiscal Year, that cost of the existing Medicaid program will be more than \$800 million.

Milliman provides a thorough breakdown of the financial impacts of the federal health mandate and its Medicaid expansion on the Mississippi Division of Medicaid, but I would like to bring to your attention these important points:

- Even *without* expanding Medicaid, other mandatory provisions of the "Affordable Care Act" will cost Mississippi \$272 - \$436 million (2014-2020).

- Were Mississippi to fully expand Medicaid under the “Affordable Care Act”, the total amount of State spending on Medicaid would be approximately \$12.4 - \$12.8 billion (2014-2020).
- The “woodwork effect” population—those eligible under current Medicaid standards and expected to enroll once threatened with the “Affordable Care Act” tax penalties for not maintaining health insurance—will have a significant impact on the State. Other reports neglect to count this population in their analyses; Milliman estimates a cost of \$319 - \$474 million in Mississippi (2014-2020).
- Contrary to the idea that the first three years of Medicaid expansion are “free” to states due to a Federal matching rate of 100 percent, the Division of Medicaid’s administrative costs associated with expansion are estimated to be \$202 million during the “free” years.

I know that both of you, like I, take very seriously the responsibilities entrusted to us by the people of Mississippi to properly allocate their tax dollars and to govern in a manner that ensures their liberty.

On Monday, representatives from the Division of Medicaid and Milliman, Inc. will be in attendance at the hearing to answer any question you may have regarding the report.

Again, I appreciate your hard work and your dedication to Mississippi, and I look forward to our continued efforts in service of this State.

Sincerely,



Phil Bryant  
GOVERNOR



**STATE OF MISSISSIPPI  
OFFICE OF THE GOVERNOR  
DIVISION OF MEDICAID**

DAVID J. DZIELAK, Ph.D.  
EXECUTIVE DIRECTOR

**2012 MILLIMAN CLIENT REPORT SUMMARY**

**Summary**

In 2010, Congress passed the Patient Protection and Affordable Care Act, as amended by H.R. 4872, the Reconciliation Act of 2010 (collectively known as the ACA). That same year, the Mississippi Division of Medicaid (DOM) retained Milliman, Inc. (Milliman) to analyze the financial impact of the new law on the Medicaid program. The 2012 Milliman Client Report is an update to Milliman's 2010 report and incorporates all subsequent CMS guidance and changes to the ACA, including the June 2012 United States Supreme Court decision making the Medicaid "expansion" optional for states. The Medicaid "expansion" refers to the ACA requirement that states expand their Medicaid program to include nonpregnant, nonelderly adults up to 133% of the federal poverty level (FPL). The ACA also requires that 5% of these individuals' income be disregarded when determining eligibility, thus making the effective minimum FPL for this new group 138%.

In short, the Milliman report projects Mississippi's Medicaid budget exposure over the next seven state fiscal years (SFYs 2014 – 2020). The report shows that even in the absence of Medicaid "expansion", implementation of the ACA's mandatory requirements ("mandates") will cost the state an estimated \$272 million to \$436 million. If Mississippi decides to proceed with full implementation of the ACA's optional Medicaid "expansion", the state's total costs under the ACA will increase by \$609 million to \$1 billion.

As a starting point, Mississippi's Medicaid enrollment (including the Children's Health Insurance Program (CHIP)) under *current* law is projected to be 740,000 in SFY 2014 (24% of Mississippi's total population). The state's baseline Medicaid expenditures for SFYs 2014 – 2020 are projected to be \$11.7 billion. This baseline number includes ACA-related savings associated with pharmacy rebate collection for MississippiCAN enrollees, as this provision of the ACA has been in effect since 2010. However, beginning in 2014, new requirements under the ACA will result in additional state Medicaid spending and increased enrollment. The Milliman report sees the largest driver of spending growth to be the increase in enrollment projected for those who are already eligible for Medicaid due to pressure from the individual mandate (the ACA requirement that individuals obtain health insurance), referrals from the new Health Insurance Exchange, or loss of employer coverage. This group is often referred to as the "woodwork effect" population and is estimated to occur even if Mississippi does not take part in

the ACA Medicaid “expansion”. The report sees Medicaid coverage of the new adult population group as the second largest driver of ACA spending growth.

The Milliman report divides its evaluation of the potential financial impact of the ACA on the Mississippi Medicaid program into three segments. The first segment projects the impact of all ACA mandates on the state Medicaid budget, but excludes the costs of the new optional adult expansion. The second segment illustrates the cost of partially expanding the Medicaid program to include the new optional adult group up to 100% FPL. The third segment estimates the cost of Medicaid “expansion” from 100% FPL to 138% FPL. Finally, the report’s estimates take into consideration three participation scenarios for each segment: (a) Lower Participation (60%), (b) Higher Participation (80%), and (c) Full Participation (100%).

### **Segment 1 - ACA Mandates (No Adult Expansion)**

Segment 1 illustrates that beginning in 2014, if Mississippi does *not* expand Medicaid to include the new optional adult group and *only* implements the mandatory provisions of the ACA, the Medicaid program’s state costs for SFYs 2014 -2020 will increase by **\$272 million to \$436 million** (2.3% - 3.7% of baseline state Medicaid expenditures) (Tables 1A – 2C). Enrollment is estimated to increase by 48,000 to 72,000 beneficiaries in the first year, resulting in 26% to 27% of Mississippi’s total population being enrolled in Medicaid and CHIP (Tables 3A – 3C).

This additional cost and increase in enrollment is due to ACA mandatory changes, including: (1) expansion of foster care coverage up to age 26 (currently covered up to age 21); (2) an increase in enrollment for certain current eligibility categories due to the new Modified Adjusted Gross Income (MAGI) income counting rule; (3) an expansion of the minimum FPL for Medicaid children up to 138%; (4) a new health insurer fee on the MississippiCAN program; (5) an increase of primary care fees; and (6) an increase in administrative costs. Segment 1 also takes into account the “woodwork effect” population explained above—the increase in enrollment projected for those who are already eligible for Medicaid due to pressure from the individual mandate, referrals from the new Health Insurance Exchange, or loss of employer coverage.

### **Segments 1 and 2 – ACA Mandates and Partial Adult Expansion**

If Mississippi chooses to expand its Medicaid program in 2014 to include the new optional adult group up to 100% FPL, the state will be responsible for an additional **\$480 million to \$802 million** (4.1% - 6.8% of baseline state Medicaid expenditures) for SFYs 2014 – 2020 (Tables 1A – 2C). Enrollment is estimated to increase by a total of 148,000 – 248,000 beneficiaries in the first year, and 29% to 32% of Mississippi’s total population will be enrolled in Medicaid and CHIP (Tables 3A – 3C). This additional cost and increase in enrollment reflects all mandatory ACA changes included in Segment 1 and the costs of expanding Medicaid eligibility to include the new nonpregnant, nonelderly adult group up to 100% FPL.

A partial expansion of Medicaid to cover the new adult population group up to only 100% FPL is included in this report for illustrative purposes only. If Mississippi chooses to cover the new adult group up to 100% FPL, it may or may not receive the enhanced federal funding made available for the new group under the ACA. The projections in the Milliman report assume

DOM receives the enhanced federal funding, but it is possible that it would not. The Centers for Medicare and Medicaid Services (CMS) has not provided guidance on this potential scenario.

### **Segments 1, 2, and 3 – ACA Mandates and Full Adult Expansion**

If Mississippi chooses to expand its Medicaid program to include the new optional adult group up to 138% FPL, the total financial impact of full implementation of the ACA on the program is estimated to be between **609 million to 1 billion state dollars** (5.2% - 8.8% of baseline state Medicaid expenditures) (Tables 1A – 2C). Enrollment is projected to increase by a total of 220,000 to 370,000 beneficiaries, and 31% to 36% of Mississippi's total population will be enrolled in Medicaid and CHIP (Tables 3A – 3C). This additional cost and increase in enrollment reflects all mandatory ACA changes illustrated in Segment 1 and the costs of expanding Medicaid eligibility to include the new nonpregnant, nonelderly adult group up to 138% FPL.

### **Conclusion**

The 2012 Milliman Client Report illustrates Mississippi's Medicaid budget exposure between SFYs 2014 – 2020. Mississippi's baseline Medicaid expenditures for these years will amount to 11.7 billion dollars. The report shows that even if Mississippi does not expand its program to include nonpregnant, nonelderly adults up to 138% FPL, implementation of the ACA's mandatory requirements will cost the state an additional \$272 million to \$436 million. If Mississippi proceeds with full Medicaid "expansion", the state's total costs under the ACA will increase by \$609 million to \$1 billion, with an overall state Medicaid cost of 12.3 billion to 12.7 billion dollars.



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## **Financial Impact Review of the Patient Protection and Affordable Care Act On the Mississippi Medicaid Budget**

Prepared for:  
**Mississippi Division of Medicaid**

Prepared by:  
**Milliman, Inc.**

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This report assumes that the reader is familiar with the state of Mississippi's Medicaid program and federal healthcare reform. The report was prepared solely to provide assistance to the Mississippi Division of Medicaid to model the financial impact of federal healthcare reform provisions. It may not be appropriate for other purposes. Milliman does not intend to benefit, and assumes no duty or liability to, other parties who receive this work. This material should only be reviewed in its entirety.

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## I. SUMMARY OF RESULTS

Milliman, Inc. (Milliman) was retained by the Mississippi Division of Medicaid (DOM) to perform an analysis related to changes to the Medicaid program resulting from federal healthcare reform. This report documents the results of our financial impact review of the Patient Protection and Affordable Care Act as amended by H.R. 4872, the Reconciliation Act of 2010 (collectively known as the ACA). Our results show Mississippi's Medicaid budget exposure; they are not a full economic impact.

This report is an update to our October 1, 2010 report based on more current census data and Mississippi Medicaid program data. Since the October 1, 2010 report, the ACA Medicaid expansion has become optional. Accordingly, this analysis illustrates costs with and without the expansion. It also illustrates the financial impact of a partial expansion to 100% of the Federal Poverty Level (FPL).

***The scope of our report is limited to a projection of the financial impact of the ACA on the Mississippi Medicaid budget. The report is not a total economic analysis of the ACA on other state agencies or state revenues. DOM can use the results of this report, along with its own determination of the potential benefits of expanding Medicaid coverage, as it considers whether or not to expand Medicaid eligibility under the ACA.***

### SUMMARY OF RESULTS

In its decision of June 28, 2012, the U.S. Supreme Court upheld most of the ACA, but gave states the flexibility to decide whether to expand Medicaid program eligibility to 133% of FPL. This report evaluates the financial impact of the ACA on the Mississippi Medicaid program for three potential ACA Medicaid expansion segments:

- > **Segment 1 – ACA Mandates (Excludes Optional Adult Expansion):** Reflects the ACA mandatory changes, including the impact of the primary care fee increase, CHIP enhanced FMAP, foster children expansion to age 26, the health insurer fee on the MississippiCAN program, and increases to ongoing administrative costs. Segment 1 also includes additional enrollment projected from those who are already eligible for Medicaid because of pressure from the individual mandate, referrals from the exchange, or loss of employer coverage. This population is often referred to as the “woodwork effect” population.  
  
Segment 1 also includes the impact of changing from Mississippi's current eligibility determination process to the Modified Adjusted Gross Income (MAGI) Medicaid eligibility determination process mandated by the ACA. While we were not able to estimate the impact of the MAGI change alone, we believe it increases the size of the “woodwork effect” population.
- > **Segment 2 – Partial Expansion – Adults up to 100% of FPL:** Residents with incomes from 100% of FPL to 400% of FPL will be eligible for exchange subsidies. An expansion of Medicaid to 100% of FPL may or may not allow DOM to receive 100% Federal funding for the expansion population. Segment 2 projections assume DOM receives enhanced Federal funding.
- > **Segment 3 – Full Expansion – Adults from 100% to 138% of FPL:** This segment illustrates the cost of Medicaid expansion from 100% to 138% of FPL (the full expansion included in the ACA). Note that the 133% FPL level specified in the ACA is effectively 138% due to the 5% income disregard.



This report presents three participation scenarios for enrollment of the “woodwork effect” population and the newly Medicaid eligible population under the potential expansion segments:

- > **Lower Participation Scenario:** An average of 60% of the eligible population will enroll in the Medicaid expansion, with participation rates ranging from 35% to 70% based on population characteristics.
- > **Higher Participation Scenario:** An average of 80% of the eligible population will enroll in the Medicaid expansion, with participation rates ranging from 55% to 90% based on population characteristics.
- > **Full Participation Scenario:** DOM requested that we include a scenario modeling 100% participation. While it is unlikely full participation will be achieved, it is important for DOM to understand the upper bound budget scenario.

We estimate the total financial impact of the *full implementation* of the ACA on the state of Mississippi Medicaid budget during the next seven state fiscal years (SFYs 2014 to 2020) to be between \$609 million and \$1.032 billion dollars, or between 5.2% and 8.8% of baseline state Medicaid expenditures. We estimate financial impact of the *mandatory components* of the ACA (excluding the optional adult expansion) for SFY 2014 to SFY 2020 to be between \$272 million and \$436 million.

It is important to note that the SFY 2014 Mississippi Medicaid budget already reflects ACA-related savings associated with pharmacy rebate collection for MississippiCAN (MS-CAN) enrollees because this provision of the ACA went into effect in 2010. We identified the savings related to MS-CAN pharmacy rebates separately in our report to show the total financial impact of the ACA. The \$609 million to \$1.032 billion budget increase related to the full implementation of the ACA is offset by \$243 million of savings generated from the MS-CAN pharmacy rebates, therefore the total SFY 2014 to SFY 2020 financial impact of the ACA is estimated to be \$366 million to \$789 million.

We estimate Mississippi’s Medicaid and CHIP population growth to be between 30% and 50% due to the enrollment of those already eligible for Medicaid but not enrolled, as well as the ACA expansion population. In total, we expect that under a full implementation of the ACA Medicaid expansion, 31% to 36% of Mississippi’s total population will be enrolled in Medicaid and CHIP.

Tables 1A, 1B, and 1C show the financial impact of the ACA on the Mississippi Medicaid program for the three potential ACA Medicaid expansion segments by year from SFY 2014 to SFY 2020. Table 1A shows results for the Lower Participation Scenario. Table 1B shows results for the Higher Participation Scenario. Table 1C shows results for the Full Participation Scenario.

**Table 1A**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**State Dollars Only (Values in Millions)**  
**Lower Participation Scenario**

	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	Total
Baseline State Expenditures <sup>1</sup>	\$1,422	\$1,482	\$1,571	\$1,665	\$1,765	\$1,871	\$1,984	\$11,761
<b>Additional ACA Spending – Additional State Cost for Each Medicaid Expansion Segment</b>								
Segment 1: ACA Mandates (Excludes Optional Adult Expansion)	\$25	\$62	\$35	\$23	\$24	\$25	\$78	\$272
Segment 2: Partial Expansion – Adults up to 100% of FPL	3	7	7	23	44	53	71	207
Segment 3: Full Expansion – Adults from 100% to 138% of FPL	2	4	4	14	27	33	44	129
<b>Total ACA Spending Growth (Segments 1-3 Only)<sup>2</sup></b>	<b>\$30</b>	<b>\$73</b>	<b>\$46</b>	<b>\$60</b>	<b>\$95</b>	<b>\$112</b>	<b>\$193</b>	<b>\$609</b>
Total State Expenditures	\$1,453	\$1,555	\$1,617	\$1,725	\$1,860	\$1,983	\$2,176	\$12,370
Percentage Change to Baseline State Expenditures Due to ACA (Segments 1-3)	2.1%	4.9%	2.9%	3.6%	5.4%	6.0%	9.7%	5.2%

<sup>1</sup> Baseline state expenditures in the Mississippi Medicaid budget already reflect ACA-related savings associated with pharmacy rebate collection for MississippiCAN enrollees. The impact of the MississippiCAN pharmacy rebates is estimated to be a savings of \$29 million in SFY 2014 and \$243 million for SFY 2014 to SFY 2020.

<sup>2</sup> Excludes the estimated \$243 million of ACA savings from SFY 2014 to SFY 2020 related to pharmacy rebate collection for MississippiCAN enrollees.

**Table 1B**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**State Dollars Only (Values in Millions)**  
**Higher Participation Scenario**

	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	Total
Baseline State Expenditures <sup>1</sup>	\$1,422	\$1,482	\$1,571	\$1,665	\$1,765	\$1,871	\$1,984	\$11,761
<b>Additional ACA Spending – Additional State Cost for Each Medicaid Expansion Segment</b>								
Segment 1: ACA Mandates (Excludes Optional Adult Expansion)	\$32	\$76	\$49	\$38	\$40	\$42	\$96	\$372
Segment 2: Partial Expansion – Adults up to 100% of FPL	4	9	10	31	59	72	95	279
Segment 3: Full Expansion – Adults from 100% to 138% of FPL	3	6	6	19	37	45	60	175
<b>Total ACA Spending Growth (Segments 1-3 Only)<sup>2</sup></b>	<b>\$39</b>	<b>\$90</b>	<b>\$65</b>	<b>\$88</b>	<b>\$136</b>	<b>\$159</b>	<b>\$251</b>	<b>\$827</b>
Total State Expenditures	\$1,461	\$1,573	\$1,636	\$1,753	\$1,901	\$2,030	\$2,235	\$12,588
Percentage Change to Baseline State Expenditures Due to ACA (Segments 1-3)	2.7%	6.1%	4.1%	5.3%	7.7%	8.5%	12.7%	7.0%

<sup>1</sup> Baseline state expenditures in the Mississippi Medicaid budget already reflect ACA-related savings associated with pharmacy rebate collection for MississippiCAN enrollees. The impact of the MississippiCAN pharmacy rebates is estimated to be a savings of \$29 million in SFY 2014 and \$243 million for SFY 2014 to SFY 2020.

<sup>2</sup> Excludes the estimated \$243 million of ACA savings from SFY 2014 to SFY 2020 related to pharmacy rebate collection for MississippiCAN enrollees.

**Table 1C**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**State Dollars Only (Values in Millions)**  
**Full Participation Scenario**

	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	Total
Baseline State Expenditures <sup>1</sup>	\$1,422	\$1,482	\$1,571	\$1,665	\$1,765	\$1,871	\$1,984	\$11,761
<b>Additional ACA Spending – Additional State Cost for Each Medicaid Expansion Segment</b>								
Segment 1: ACA Mandates (Excludes Optional Adult Expansion)	\$36	\$84	\$58	\$47	\$50	\$53	\$107	\$436
Segment 2: Partial Expansion – Adults up to 100% of FPL	6	12	13	40	77	94	125	366
Segment 3: Full Expansion – Adults from 100% to 138% of FPL	4	7	8	25	48	59	78	229
<b>Total ACA Spending Growth (Segments 1-3 Only)<sup>2</sup></b>	<b>\$45</b>	<b>\$104</b>	<b>\$79</b>	<b>\$113</b>	<b>\$175</b>	<b>\$206</b>	<b>\$311</b>	<b>\$1,032</b>
Total State Expenditures	\$1,467	\$1,586	\$1,650	\$1,778	\$1,941	\$2,077	\$2,294	\$12,792
Percentage Change to Baseline State Expenditures Due to ACA (Segments 1-3)	3.1%	7.0%	5.0%	6.8%	9.9%	11.0%	15.7%	8.8%

<sup>1</sup> Baseline state expenditures in the Mississippi Medicaid budget already reflect ACA-related savings associated with pharmacy rebate collection for MississippiCAN enrollees. The impact of the MississippiCAN pharmacy rebates is estimated to be a savings of \$29 million in SFY 2014 and \$243 million for SFY 2014 to SFY 2020.

<sup>2</sup> Excludes the estimated \$243 million of ACA savings from SFY 2014 to SFY 2020 related to pharmacy rebate collection for MississippiCAN enrollees.

Tables 2A, 2B, and 2C show the impact of the major ACA cost components under each potential expansion segment for the total SFY 2014 to SFY 2020 time period. Table 2A shows results for the Lower Participation Scenario. Table 2B shows results for the Higher Participation Scenario. Table 2C shows results for the Full Participation Scenario.

- > The largest driver of spending growth related to the ACA is the enrollment of the “woodwork effect” population that is estimated to occur even if DOM decides against the ACA Medicaid expansion. The financial impact of enrolling the “woodwork effect” population alone is estimated to be \$319 million to \$474 million. While we were not able to estimate the impact of the MAGI change alone, we believe it increases the size of the “woodwork effect” population.
- > The second largest driver of spending growth is the potential ACA Medicaid expansion population. The financial impact of enrolling Segment 2 (partial expansion of adults up to 100% of FPL) is estimated to be \$156 million to \$275 million. The financial impact of enrolling Segments 2 and 3 (full expansion of adults up to 138% of FPL) is estimated to be \$252 million to \$447 million.
- > The SFY 2014 Mississippi Medicaid budget already reflects pharmacy rebate collection for MississippiCAN enrollees, which is the largest driver of cost savings related to the ACA. Cost savings that are due to MississippiCAN rebates are estimated to be \$243 million in all scenarios.
- > The second largest driver of cost savings related to the ACA is the enhanced FMAP for the CHIP program, saving an estimated \$239 million in all scenarios.

**Table 2A**  
**Impact of Affordable Care Act Primary Cost Components on Mississippi Medicaid Budget**  
**State Dollars Only (Values in Millions)**  
**Total Impact for SFY 2014 to SFY 2020**  
**Lower Participation Scenario**

	Segment 1 Only	Segments 1 and 2	Segments 1 - 3
Baseline State Expenditures <sup>1</sup>	\$11,761	\$11,761	\$11,761
<b>ACA Cost Components</b>			
Woodwork Effect Population	\$319	\$319	\$319
Medicaid Expansion Population	0	156	252
Primary Care Fee Increase	74	76	77
CHIP Program - Enhanced FMAP	(239)	(239)	(239)
Foster Children Expansion to Age 26	12	12	12
Health Insurer Fee	92	92	92
Ongoing Administrative Expenditures	15	65	97
<b>Total ACA Spending Growth<sup>2</sup></b>	<b>\$272</b>	<b>\$480</b>	<b>\$609</b>
Total State Expenditures	\$12,033	\$12,240	\$12,370
Percentage Change to Baseline State Expenditures Due to ACA (Segments 1-3)	<b>2.3%</b>	<b>4.1%</b>	<b>5.2%</b>

<sup>1</sup> Baseline state expenditures in the Mississippi Medicaid budget already reflect ACA-related savings associated with pharmacy rebate collection for MississippiCAN enrollees. The impact of the MississippiCAN pharmacy rebates is estimated to be a savings of \$29 million in SFY 2014 and \$243 million for SFY 2014 to SFY 2020.

<sup>2</sup> Excludes the estimated \$243 million of ACA savings from SFY 2014 to SFY 2020 related to pharmacy rebate collection for MississippiCAN enrollees.

**Table 2B**  
**Impact of Affordable Care Act Primary Cost Components on Mississippi Medicaid Budget**  
**State Dollars Only (Values in Millions)**  
**Total Impact for SFY 2014 to SFY 2020**  
**Higher Participation Scenario**

	Segment 1 Only	Segments 1 and 2	Segments 1 - 3
Baseline State Expenditures <sup>1</sup>	\$11,761	\$11,761	\$11,761
<b>ACA Cost Components</b>			
Woodwork Effect Population	\$413	\$413	\$413
Medicaid Expansion Population	0	210	341
Primary Care Fee Increase	75	77	79
CHIP Program - Enhanced FMAP	(239)	(239)	(239)
Foster Children Expansion to Age 26	12	12	12
Health Insurer Fee	92	92	92
Ongoing Administrative Expenditures	20	87	129
<b>Total ACA Spending Growth<sup>2</sup></b>	<b>\$372</b>	<b>\$652</b>	<b>\$827</b>
Total State Expenditures	\$12,133	\$12,413	\$12,588
Percentage Change to Baseline State Expenditures Due to ACA (Segments 1-3)	<b>3.2%</b>	<b>5.5%</b>	<b>7.0%</b>

<sup>1</sup> Baseline state expenditures in the Mississippi Medicaid budget already reflect ACA-related savings associated with pharmacy rebate collection for MississippiCAN enrollees. The impact of the MississippiCAN pharmacy rebates is estimated to be a savings of \$29 million in SFY 2014 and \$243 million for SFY 2014 to SFY 2020.

<sup>2</sup> Excludes the estimated \$243 million of ACA savings from SFY 2014 to SFY 2020 related to pharmacy rebate collection for MississippiCAN enrollees.

**Table 2C**  
**Impact of Affordable Care Act Primary Cost Components on Mississippi Medicaid Budget**  
**State Dollars Only (Values in Millions)**  
**Total Impact for SFY 2014 to SFY 2020**  
**Full Participation Scenario**

	Segment 1 Only	Segments 1 and 2	Segments 1 - 3
Baseline State Expenditures <sup>1</sup>	\$11,761	\$11,761	\$11,761
<b>ACA Cost Components</b>			
Woodwork Effect Population	\$474	\$474	\$474
Medicaid Expansion Population	0	275	447
Primary Care Fee Increase	76	79	81
CHIP Program - Enhanced FMAP	(239)	(239)	(239)
Foster Children Expansion to Age 26	12	12	12
Health Insurer Fee	92	92	92
Ongoing Administrative Expenditures	23	111	166
<b>Total ACA Spending Growth<sup>2</sup></b>	<b>\$436</b>	<b>\$802</b>	<b>\$1,032</b>
Total State Expenditures	\$12,197	\$12,563	\$12,792
Percentage Change to Baseline State Expenditures Due to ACA (Segments 1-3)	3.7%	6.8%	8.8%

<sup>1</sup> Baseline state expenditures in the Mississippi Medicaid budget already reflect ACA-related savings associated with pharmacy rebate collection for MississippiCAN enrollees. The impact of the MississippiCAN pharmacy rebates is estimated to be a savings of \$29 million in SFY 2014 and \$243 million for SFY 2014 to SFY 2020.

<sup>2</sup> Excludes the estimated \$243 million of ACA savings from SFY 2014 to SFY 2020 related to pharmacy rebate collection for MississippiCAN enrollees.

Tables 3A, 3B, and 3C show the estimated impact of each ACA expansion segment on projected SFY 2014 Mississippi Medicaid and CHIP enrollment. Table 3A shows results for the Lower Participation Scenario. Table 3B shows results for the Higher Participation Scenario. Table 3C shows results for the Full Participation Scenario.

**Table 3A**  
**Estimated Impact of Each ACA Medicaid Expansion Segment on Projected SFY 2014 Enrollment**  
**Lower Participation Scenario**

Population	Projected SFY 2014 Enrollment	Segment 1	Segment 2	Segment 3	Total
Medicaid Children	340,000	33,000	0	0	373,000
Medicaid Adults, Parents / Mothers	62,000	15,000	36,000	37,000	150,000
Medicaid Adults, Non-Caregivers	0	0	64,000	35,000	99,000
Medicaid Other	264,000	0	0	0	264,000
CHIP	73,000	0	0	0	73,000
<b>Total</b>	<b>740,000</b>	<b>48,000</b>	<b>100,000</b>	<b>72,000</b>	<b>960,000</b>
<b>Increase in Medicaid Population</b>	<b>N/A</b>	<b>6.5%</b>	<b>13.5%</b>	<b>9.7%</b>	<b>29.7%</b>
<b>Medicaid / CHIP Enrollment as a Percent of Total Population</b>	<b>24%</b>	<b>26%</b>	<b>29%</b>	<b>31%</b>	<b>31%</b>

<b>Table 3B</b> <b>Estimated Impact of Each ACA Medicaid Expansion Segment on Projected SFY 2014 Enrollment</b> <b>Higher Participation Scenario</b>					
<b>Population</b>	<b>Projected SFY 2014 Enrollment</b>	<b>Segment 1</b>	<b>Segment 2</b>	<b>Segment 3</b>	<b>Total</b>
Medicaid Children	340,000	44,000	0	0	384,000
Medicaid Adults, Parents / Mothers	62,000	19,000	47,000	48,000	176,000
Medicaid Adults, Non-Caregivers	0	0	88,000	48,000	136,000
Medicaid Other	264,000	0	0	0	264,000
CHIP	73,000	0	0	0	73,000
<b>Total</b>	<b>740,000</b>	<b>63,000</b>	<b>135,000</b>	<b>96,000</b>	<b>1,034,000</b>
<b>Increase in Medicaid Population</b>	<b>N/A</b>	<b>8.5%</b>	<b>18.2%</b>	<b>13.0%</b>	<b>39.7%</b>
<b>Medicaid / CHIP Enrollment as a Percent of Total Population</b>	<b>24%</b>	<b>26%</b>	<b>31%</b>	<b>34%</b>	<b>34%</b>

<b>Table 3C</b> <b>Estimated Impact of Each ACA Medicaid Expansion Segment on Projected SFY 2014 Enrollment</b> <b>Full Participation Scenario</b>					
<b>Population</b>	<b>Projected SFY 2014 Enrollment</b>	<b>Segment 1</b>	<b>Segment 2</b>	<b>Segment 3</b>	<b>Total</b>
Medicaid Children	340,000	50,000	0	0	390,000
Medicaid Adults, Parents / Mothers	62,000	22,000	54,000	55,000	193,000
Medicaid Adults, Non-Caregivers	0	0	122,000	67,000	189,000
Medicaid Other	264,000	0	0	0	264,000
CHIP	73,000	0	0	0	73,000
<b>Total</b>	<b>740,000</b>	<b>72,000</b>	<b>176,000</b>	<b>122,000</b>	<b>1,110,000</b>
<b>Increase in Medicaid Population</b>	<b>N/A</b>	<b>9.7%</b>	<b>23.8%</b>	<b>16.5%</b>	<b>50.0%</b>
<b>Medicaid / CHIP Enrollment as a Percent of Total Population</b>	<b>24%</b>	<b>27%</b>	<b>32%</b>	<b>36%</b>	<b>36%</b>

Exhibits 1 – 3 present the results of our projections in more detail:

- > **Exhibit 1A:** Impact of the ACA on the Mississippi Medicaid Budget – Segment 1: ACA Mandates (Excludes Optional Adult Expansion) – Lower Participation Scenario
- > **Exhibit 1B:** Impact of the ACA on the Mississippi Medicaid Budget – Segment 1: ACA Mandates (Excludes Optional Adult Expansion) – Higher Participation Scenario
- > **Exhibit 1C:** Impact of the ACA on the Mississippi Medicaid Budget – Segment 1: ACA Mandates (Excludes Optional Adult Expansion) – Full Participation Scenario
- > **Exhibit 2A:** Impact of the ACA on the Mississippi Medicaid Budget – Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL – Lower Participation Scenario
- > **Exhibit 2B:** Impact of the ACA on the Mississippi Medicaid Budget – Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL – Higher Participation Scenario

- > **Exhibit 2C:** Impact of the ACA on the Mississippi Medicaid Budget – Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL – Full Participation Scenario
- > **Exhibit 3A:** Impact of the ACA on the Mississippi Medicaid Budget – Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL – Lower Participation Scenario
- > **Exhibit 3B:** Impact of the ACA on the Mississippi Medicaid Budget – Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL – Higher Participation Scenario
- > **Exhibit 3C:** Impact of the ACA on the Mississippi Medicaid Budget – Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL – Full Participation Scenario

The remaining sections of this report document our methodology and assumptions in more detail.



## II. COMPARISON TO OCTOBER 1, 2010 MILLIMAN REPORT

This report is an update to our October 1, 2010 report based on more current data and policy guidance from the Centers for Medicare and Medicaid Services (CMS). Table 4 provides a summary of important differences between the October 1, 2010 report and this report.

<b>Table 4</b> <b>Impact of Affordable Care Act on Mississippi Medicaid Budget</b> <b>Summary of Important Modeling Parameters</b>		
<b>Modeling Parameter</b>	<b>October 2010 Milliman Report</b>	<b>December 2012 Milliman Report</b>
Medicaid Expansion Scenarios	Mandatory Medicaid expansion to 138% of FPL	Three voluntary Medicaid expansion scenarios (no expansion, expansion to 100% of FPL, and expansion to 138% of FPL)
Treatment of population currently eligible for Medicaid but not enrolled ("woodwork effect" population)	Includes enrollment of "woodwork effect" population subject to participation scenarios	Includes enrollment of "woodwork effect" population subject to participation scenarios
Participation scenarios	Three participation scenarios: > Low (average of 50%) > Moderate (average of 75%) > Full (100%)	Three participation scenarios: > Lower (average of 60%) > Higher (average of 80%) > Full (100%)
ACA provisions impacting MississippiCAN	Not modeled (MississippiCAN was not implemented at the time of the 2010 report)	Modeled two ACA provisions: > Health insurer fee (results in additional cost to DOM) > Pharmacy rebates for managed care enrollees (results in savings to DOM)
Treatment of CHIP population transitioning to Medicaid	Assumed DOM would claim standard Medicaid FMAP for transitioning members	CMS changed policy guidance to allow DOM to claim enhanced CHIP FMAP on transitioning members (resulting in savings to DOM)
Treatment of Pregnant Women and Breast and Cervical Cancer Program enrollees	Assumed savings due to parts of these populations transitioning to the Health Benefit Exchange on January 1, 2014	Assumed DOM would maintain current Medicaid eligibility levels for these populations after January 1, 2014 (no budget savings)
Treatment of Healthier Mississippi waiver population	Assumed current Healthier Mississippi enrollees would transition to Medicaid with no budget impact to DOM	Assumed the Healthier Mississippi waiver would continue to operate with no fiscal change to DOM
Primary data sources	2008 census data, SFY 2009 Mississippi Medicaid data, and SFY 2011 Mississippi Medicaid budget	2011 census data, SFY 2011 Mississippi Medicaid data, and SFY 2014 Mississippi Medicaid budget

### III. UNIQUE ASSUMPTIONS IN THIS ANALYSIS

The scope of our analysis differs from other published studies in several important areas. These differences may result in confusion, and thus, Table 5 provides summary-level descriptions of key assumptions compared to studies published by the Kaiser Commission on Medicaid and the Uninsured / Urban Institute in November 2012<sup>1</sup> and the Mississippi University Research Center in October 2012.<sup>2</sup> We encourage a full reading of Milliman's analysis for the Mississippi Division of Medicaid to better understand all assumptions.

<b>Table 5</b> <b>Impact of Affordable Care Act on Mississippi Medicaid Budget</b> <b>Summary of Important Analysis Characteristics</b>			
<b>Analysis Scope / Assumption</b>	<b>Kaiser / Urban Institute Study (November 2012)</b>	<b>Mississippi University Research Center (October 2012)</b>	<b>Milliman Analysis (December 2012)</b>
Populations Included	Adults and children	Adults only	Adults and children
Reform Provisions Modeled	Enrollment of the "woodwork population", Medicaid expansion provisions, and CHIP enhanced FMAP  <i>(excludes the impact of MS-CAN pharmacy rebates, primary care fee increase, foster children expansion, health insurer fee, and related administrative costs)</i>	Medicaid expansion provisions and related administrative costs  <i>(excludes the impact of enrollment of the "woodwork effect" population, MS-CAN pharmacy rebates, CHIP enhanced FMAP, primary care fee increase, foster children expansion, and health insurer fee)</i>	Enrollment of the "woodwork effect" population, Medicaid expansion provisions, MS-CAN pharmacy rebates, primary care fee increase, CHIP enhanced FMAP, foster children expansion, health insurer fee, and related administrative cost
Participation Rates	One scenario with an average participation rate of 60.5% for new eligibles and 23.4% for the "woodwork effect" population	Scenarios with 85%, 90%, and 95% participation	Scenarios with 60%, 80%, and 100% participation
Consideration of Non-Medicaid Financial Impact to Mississippi	Reduction in uncompensated care costs	Increased economic activity, jobs, personal income, state revenue, and state expenditures	None
Study Years	2013 to 2022	2014 to 2025	SFYs 2014 to 2020
Data Sources	Public data	Public data and Mississippi Medicaid information	Detailed Mississippi Medicaid data, budgets, and 2011 census data

<sup>1</sup> Holahan, J., Buettgens, M. Carroll, C., & Dorn, S. (November 2012). The Cost and Coverage Implications of the ACA Medicaid Expansion: National and State-by-State Analysis. Urban Institute, Kaiser Commission on Medicaid and the Uninsured. Retrieved December 4, 2012, from <http://www.kff.org/medicaid/upload/8384.pdf>

<sup>2</sup> Neal, Bob (October 2012). The Fiscal and Economic Impacts of Medicaid Expansion in Mississippi, 2014 – 2025.

## IV. METHODOLOGY AND KEY ASSUMPTIONS

In the development of these financial impact estimates, we developed a model that projected enrollment and healthcare expenditures for the current Medicaid population as well as the expansion population. The results of this analysis rely upon DOM's Medicaid program budget for SFY 2014 as well as DOM's Medicaid claims and eligibility data for SFY 2011.

Beyond SFY 2014, we projected the current Medicaid Assistance programs at a composite annual rate of 6%; including approximately 4% healthcare inflation and 2% anticipated enrollment growth. These growth rates are consistent with DOM's current budget projections.

### MEDICAID EXPANSION SCENARIOS

The fiscal impact associated with the ACA Medicaid expansion includes currently insured and uninsured adults and children who are not currently enrolled in Medicaid. The impact also includes individuals who are currently eligible for Medicaid but not enrolled (the "woodwork effect" population).

We relied on 2011 U.S. Census Bureau data for Mississippi to estimate the Medicaid expansion population and the "woodwork effect" population. The U.S. Census Bureau data provided information regarding the number of children, parents, and adults with and without health insurance below a stratified set of federal poverty levels.

Mississippi's current Medicaid income eligibility standards are summarized below:

- > Infants: 185% of FPL
- > Children age 1 – 5: 133% of FPL
- > Children age 6 – 19: 100% of FPL
- > Pregnant women: 185% of FPL
- > Working parents: 44% of FPL
- > Childless adults: Not covered
- > SSI: Federal SSI eligibility standards
- > CHIP: Children up to 200% of FPL not covered under Medicaid
- > Healthier Mississippi: Disabled or elderly without Medicare up to 135% of FPL
- > Working disabled: Working disabled adults up to 250% of FPL in earned income

The analysis presented in this report includes three participation scenarios that reflect the percentage of the eligible population choosing to enroll in Medicaid. Note that "insured" status in our analysis applies to individuals currently insured in the commercial group or individual markets.

#### > Lower Participation Scenario (average of 60% participation):

- 60% for insured parents and children
- 70% for uninsured parents and children
- 35% for insured childless adults
- 65% for uninsured childless adults

> **Higher Participation Scenario (average of 80% participation):**

- 80% for insured parents and children
- 90% for uninsured parents and children
- 50% for insured childless adults
- 85% for uninsured childless adults

> **Full Participation Scenario:**

- 100% for insured parents and children
- 100% for uninsured parents and children
- 100% for insured childless adults
- 100% for uninsured childless adults

The ACA reflects the following Federal Medical Assistance Percentages (FMAP) for the expansion populations:

- > 100% FMAP in CY 2014, 2015, and 2016
- > 95% FMAP in CY 2017
- > 94% FMAP in CY 2018
- > 93% FMAP in CY 2019
- > 90% FMAP in CY 2020+

Populations currently eligible for Medicaid in Mississippi will continue to be subject to the regular FMAP levels.

The total SFY 2011 healthcare expenditures were assumed to be \$4,250 per year for Segment 1 - 3 adults and \$2,300 per year for a child based on DOM's SFY 2011 Medicaid expenditures for current Medicaid enrollees in the "MA Family" and "Child < 19" categories of eligibility, adjusted for the expected demographics of the expansion population. Note that the expansion population demographics include a more expensive mix of enrollees that are, on average, older and more likely to be male than the current adult Medicaid population in Mississippi. We removed the cost of maternity services from our estimate because pregnant women are currently eligible up to 185% of FPL (and therefore the expansion population costs would generally not include delivery services).

The total expenditures were projected forward from SFY 2011 at a rate of 6.0% per year, including healthcare inflation and anticipated enrollment growth.

We anticipate that, during the first one to two years of the program, the new enrollees may have costs that are higher due to pent-up demand, a characteristic of other Medicaid-expansion programs such as the Healthy Indiana Plan.<sup>3</sup> Because the federal government will be 100% responsible for the cost of the expansion for the first three years, we did not include an explicit amount for pent-up demand.

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<sup>3</sup> Damler, R. (Aug. 26, 2009). Experience under the Healthy Indiana Plan: The short-term cost challenges of expanding coverage to the uninsured. Retrieved Sept. 17, 2010, from <http://publications.milliman.com/research/health-rr/pdfs/experience-under-healthy-indiana.pdf>.

## **PRIMARY CARE FEE INCREASE TO 100% OF MEDICARE REIMBURSEMENT**

The federal government will fund an increase in some fees paid to primary care physicians to equal 100% of Medicare reimbursement in calendar years 2013 and 2014. No additional federal funding is allocated after 2014. DOM requested that the projections in this report assume that DOM will continue to pay primary care physicians at 100% of Medicare reimbursement after calendar year 2014 at normal FMAP rates because it would be very difficult to reduce fees once they are increased. DOM currently pays physicians at 90% of Medicare reimbursement. We estimated the value of this provision on Medicaid only and dual eligibles enrolled in the fee-for-service program and MississippiCAN.

## **CHIP PROGRAM: ENHANCED FMAP**

Under the ACA, the CHIP program is required to be continued through 2019. The legislation provides additional FMAP of up to 23% beginning on October 1, 2015, and ending September 30, 2019. The additional 23% FMAP will increase Mississippi's CHIP program FMAP to 100%. The enhanced FMAP will decrease expenditures for Mississippi and increase expenditures for the federal government.

If Mississippi decides to expand Medicaid eligibility to 138% of FPL, CHIP enrollees that have a family income under 138% of FPL will transition from CHIP coverage to Medicaid coverage. It is our understanding that DOM would still be able to claim the enhanced CHIP FMAP for these children, therefore there is no financial impact of the transition from CHIP to Medicaid for the affected population.

## **FOSTER CHILDREN EXPANSION TO AGE 26**

Mississippi currently provides Medicaid eligibility coverage to foster children up to age 21. The ACA includes coverage for foster children up to age 26 beginning on January 1, 2014. The SFY 2011 total annual expenditures under the program are approximately \$26.9 million (state and federal) or \$6.7 million (state only). We estimate that the expansion of Medicaid benefits to age 26 will increase the cost of the foster care program by approximately 18%.

## **HEALTH INSURER FEE**

The ACA places an \$8 billion annual fee on the health insurance industry starting in CY 2014. The health insurer fee grows to \$14.3 billion in CY 2018 and is indexed to the rate of premium growth thereafter. The health insurer fee is considered an excise tax and is nondeductible for income tax purposes. The fee will be allocated to qualifying health insurers based on their respective market share of premium revenue in the previous year (including Medicaid managed care premium).

Taxes are generally considered to be an unavoidable cost of doing business. Since Medicaid managed care capitation rates are required to be actuarially sound, capitation rates for MississippiCAN would have to be increased to cover the cost of the tax, and also a gross-up to cover the additional federal taxes the increase in capitation revenue would generate.

Because the ACA health insurer fee is a federal tax, all tax revenue collected as a result of the fee will accrue to the federal government. Since Medicaid is funded by the state and federal governments, both governments share in funding the premium component that funds the tax. This situation results in the federal government taxing itself and taxing state governments to fund the higher Medicaid managed care premiums required to fund the ACA health insurer fee, with no net financial impact to Medicaid managed care organizations.

We assumed that the MississippiCAN capitation rates would need to be increased by 1.4% in CY 2014 and 2.5% thereafter to maintain actuarially sound rates.

### ONGOING ADMINISTRATIVE EXPENDITURES

In addition to the expenditures associated with providing medical services to the expansion population, the state of Mississippi will incur additional ongoing administrative expenditures related to expansion. We estimated the additional ongoing administrative costs as 2.5% of total expected medical expenditures for the population-based ACA changes (i.e., the ACA expansion population, the woodwork effect population, and the foster care expansion to age 26).

The administrative cost percentage of 2.5% was calculated based on DOM's SFY 2014 budget. Based on our experience with other Medicaid programs, state Medicaid administrative costs generally range from approximately 3% to 6% of the total medical costs.

### MISSISSIPPI-CAN PHARMACY REBATES

Under the ACA, DOM can receive pharmacy rebates for prescription drugs used by MississippiCAN enrollees. Prior to the ACA, state Medicaid agencies could not receive pharmacy rebates for Medicaid managed care prescription drug usage. Therefore, this provision of the ACA reduces DOM's Medicaid expenditures. We estimated the value of this provision as a 24.5% net rebate (DOM 32.5% average pharmacy rebates under fee-for-service less an 8% allowance for the rebates Medicaid managed care plans could attain prior to the ACA) on approximately 24% of MississippiCAN capitation payments.

DOM's budget already reflects pharmacy rebate collection for MississippiCAN enrollees because this provision of the ACA went into effect in 2010. We included the impact of pharmacy rebates in our report to show the total financial impact of the ACA.

### GENERAL ASSUMPTIONS

We used the following general assumptions in our analysis:

- > FMAP levels for non-expansion populations (based on the most current FMAP projections for FFY 2014):
  - Medicaid = 73.43% for federal fiscal year (FFY) 2013 and 73.05% for FFY 2014 and thereafter
  - CHIP = 81.40% for FFY 2013 and 81.04% for FFY 2014 and thereafter
  - Administration = 57% based on SFY 2012 actual average FMAP for administration
- > Mississippi's CHIP program will continue through SFY 2020



## V. OTHER ISSUES NOT MODELED

The additional financial issues outlined below may result under the current provisions of the legislation. The issues highlighted below *have not* been included in the financial projections shown in our analysis.

- > **Changes to Medicaid eligibility levels for certain eligibility categories:** Several states are evaluating whether to reduce eligibility levels for certain Medicaid beneficiaries starting on January 1, 2014, such as pregnant women and breast and cervical cancer program enrollees, due to the availability of subsidized coverage through the health benefit exchange. We assumed that DOM would maintain its current 185% of FPL eligibility level for pregnant women and continue to operate the breast and cervical cancer program.
- > **Reductions in DSH allotments:** Medicaid Disproportionate Share Hospital (DSH) program funding will be reduced starting in 2014 depending on the characteristics of each state. We have not analyzed the impact of DSH reductions on Mississippi's state Medicaid expenditures.
- > **MississippiCAN implementation for ACA expansion population:** The projections contained in this report include the populations eligible for enrollment in MississippiCAN starting in December 2012 (i.e., disabled, foster care, breast and cervical cancer, infants, and TANF adults). The ACA expansion population is assumed to remain in the fee-for-service program. If the ACA expansion population were to be enrolled in MississippiCAN, DOM could expect to save approximately 2.5% of cost (a net managed care savings of 5% less the 2.5% ACA Health Insurer Fee impact).

To estimate approximate budget savings related to enrolling Medicaid expansion populations in MississippiCAN, the "Medicaid Expansion Population" line in Tables 2A – 2C can be multiplied by 2.5%. This high-level estimate produces a savings of \$3.9 million to \$6.9 million for Segment 2 (up to 100% of FPL) and \$6.3 million to \$11.2 million for Segments 2 and 3 (up to 138% of the FPL). A more rigorous analysis would need to be conducted to provide a more precise estimate.

- > **Start-up administrative costs:** We did not include any additional administrative costs related to reform prior to SFY 2014 or administrative costs related to developing a health insurance exchange. These additional costs could be substantial.
- > **Healthier Mississippi:** We assumed that the Healthier Mississippi waiver would continue to operate with no fiscal change to DOM. There may be an opportunity for DOM to reduce its state expenditures for this population if it chooses to end the Healthier Mississippi waiver and enroll current members into an expanded Medicaid population (Segment 2 or Segment 3 of the potential ACA Medicaid expansion).
- > **Impact on other state agencies:** We did not consider the impact of the ACA on any other Mississippi state agencies.



## VI. CAVEATS AND LIMITATIONS

This report is intended for the internal use of the Mississippi Division of Medicaid (DOM) in accordance with its statutory and regulatory requirements. Milliman recognizes that the materials may be public records subject to disclosure to third parties; however, Milliman does not intend to benefit, and assumes no duty or liability to, any third parties who receive this report and related materials. The materials should only be reviewed in their entirety. Any user of this report should possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the data presented.

In the development of the data and information presented in this report, Milliman has relied upon certain data from the state of Mississippi and its vendors. To the extent that the data was not complete or accurate, the values presented in the report will need to be reviewed for consistency and revised to meet any revised data. The data and information included in this report has been developed to assist in the analysis of the financial impact of the ACA on DOM's Medicaid Assistance expenditures. The data and information presented may not be appropriate for any other purpose. It should be emphasized that the results presented in this correspondence are a projection of future costs based on a set of assumptions. Results will differ if actual experience is different from the assumptions contained in this report.

The terms of Milliman's contract with DOM effective July 1, 2012 applies to this report and its use.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. John Meerschaert is a member of the American Academy of Actuaries, and meets the qualification standards for performing the analyses in this report. This analysis – the assumptions, methodology, and calculations – has been thoroughly peer reviewed by qualified actuaries.

## **Exhibit 1A**

### **Impact of the ACA on the Mississippi Medicaid Budget Segment 1: ACA Mandates (Excludes Optional Adult Expansion) Lower Participation Scenario**

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**Mississippi Division of Medicaid**  
Financial Impact Review of the Patient Protection and Affordable Care Act  
On the Mississippi Medicaid Budget

December 7, 2012

This report assumes that the reader is familiar with the state of Mississippi's Medicaid program and federal healthcare reform. The report was prepared solely to provide assistance to the Mississippi Division of Medicaid to model the financial impact of federal healthcare reform provisions. It may not be appropriate for other purposes. Milliman does not intend to benefit, and assumes no duty or liability to, other parties who receive this work. This material should only be reviewed in its entirety.

**Exhibit 1A**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segment 1: ACA Mandates (Excludes Optional Adult Expansion)**  
**Lower Participation Scenario**  
**(Values in Millions)**

SFY 2014    SFY 2015    SFY 2016    SFY 2017    SFY 2018    SFY 2019    SFY 2020    SFY 2014 -  
SFY 2020

**Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)**

**Medicaid**

Total (State and Federal)	\$4,809	\$5,097	\$5,403	\$5,727	\$6,071	\$6,435	\$6,821	\$40,362
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	3,517	3,723	3,947	4,184	4,435	4,701	4,983	29,489
State Funds	1,291	1,374	1,456	1,543	1,636	1,734	1,838	10,873

**CHIP**

Total (State and Federal)	\$253	\$268	\$284	\$301	\$320	\$339	\$359	\$2,124
FMAP	81.13%	81.04%	81.04%	81.04%	81.04%	81.04%	81.04%	
Federal Funds	205	217	230	244	259	274	291	1,722
State Funds	48	51	54	57	61	64	68	403

**Administration**

Total	\$193	\$134	\$142	\$151	\$160	\$169	\$179	\$1,129
FMAP	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	
Federal Funds	110	76	81	86	91	97	102	643
State Funds	83	58	61	65	69	73	77	485

**Total Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)**

Total (State and Federal)	\$5,255	\$5,499	\$5,829	\$6,179	\$6,550	\$6,943	\$7,359	\$43,615
Federal Funds	3,833	4,017	4,258	4,514	4,785	5,072	5,376	31,854
<b>State Funds</b>	<b>1,422</b>	<b>1,482</b>	<b>1,571</b>	<b>1,665</b>	<b>1,765</b>	<b>1,871</b>	<b>1,984</b>	<b>11,761</b>

**ACA Pharmacy Rebates for MississippiCAN**

Total (State and Federal)	(\$109)	(\$114)	(\$121)	(\$128)	(\$136)	(\$144)	(\$152)	(\$902)
Federal Funds	(80)	(83)	(88)	(93)	(99)	(105)	(111)	(659)
State Funds	(29)	(31)	(33)	(34)	(37)	(39)	(41)	(243)

**Total Baseline Expenditures for Current Programs (Adding Back the Impact of ACA Pharmacy Rebates for MississippiCAN)**

Total (State and Federal)	5,363	\$5,613	\$5,950	\$6,307	\$6,685	\$7,087	\$7,512	\$44,517
Federal Funds	3,912	4,100	4,346	4,607	4,884	5,177	5,487	32,513
<b>State Funds</b>	<b>1,451</b>	<b>1,513</b>	<b>1,604</b>	<b>1,700</b>	<b>1,802</b>	<b>1,910</b>	<b>2,025</b>	<b>12,004</b>

**Exhibit 1A**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segment 1: ACA Mandates (Excludes Optional Adult Expansion)**  
**Lower Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
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**Affordable Care Act Changes:**

Currently Eligible but not Enrolled ("Woodwork" Effect Population)

Total (State and Federal) - Children	\$44	\$93	\$99	\$104	\$111	\$117	\$124	\$693
Total (State and Federal) - Parents / Adults	31	66	70	74	78	83	88	490
Total (State and Federal)	75	159	168	178	189	201	213	1,183
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	55	116	123	130	138	146	155	864
State Funds	20	43	45	48	51	54	57	319

Expansion - Newly Eligible under ACA

Total (State and Federal) - Children	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total (State and Federal) - Parents / Adults	0	0	0	0	0	0	0	0
Total (State and Federal)	0	0	0	0	0	0	0	0
FMAP	100.0%	100.0%	100.0%	97.5%	94.5%	93.5%	91.5%	
Federal Funds	0	0	0	0	0	0	0	0
State Funds	0	0	0	0	0	0	0	0

CHIP Program - Enhanced FMAP

Total (State and Federal)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	0	0	40	57	61	64	17	239
State Funds	0	0	(40)	(57)	(61)	(64)	(17)	(239)

Primary Care Physician Fee Increase

Current Program (State and Federal)	\$38	\$41	\$43	\$46	\$48	\$51	\$54	\$322
Expansion (State and Federal)	1	2	2	2	2	2	2	14
Total (State and Federal)	39	42	45	48	51	54	57	335
Federal Funds	39	37	33	35	37	39	41	261
State Funds	0	6	12	13	14	14	15	74

**Exhibit 1A**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segment 1: ACA Mandates (Excludes Optional Adult Expansion)**  
**Lower Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Affordable Care Act Changes:</b>								
Foster Children Expansion to Age 26								
Total (State and Federal)	\$3	\$6	\$6	\$7	\$7	\$8	\$8	\$45
Federal Funds	2	4	5	5	5	6	6	33
State Funds	1	2	2	2	2	2	2	12
Health Insurer Fee								
Total (State and Federal)	\$13	\$38	\$51	\$54	\$58	\$61	\$65	\$340
Federal Funds	9	28	37	40	42	45	47	248
State Funds	3	10	14	15	16	16	17	92
Ongoing Administrative Expenditures								
Total (State and Federal)	\$2	\$4	\$4	\$5	\$5	\$5	\$6	\$31
Federal Funds	1	2	2	2	2	3	3	15
State Funds	1	2	2	2	2	3	3	15
<b>All Programs - After ACA Changes</b>								
Total (State and Federal)	\$5,386	\$5,749	\$6,105	\$6,471	\$6,859	\$7,271	\$7,707	\$45,548
Federal Funds	3,939	4,204	4,499	4,783	5,070	5,374	5,646	33,515
State Funds	1,447	1,545	1,606	1,688	1,789	1,897	2,061	12,033
<b>All Programs - Fiscal Impact of ACA Changes</b>								
Total (State and Federal)	\$132	\$249	\$275	\$292	\$309	\$328	\$348	\$1,933
Federal Funds	106	187	241	269	285	303	270	1,661
State Funds	25	62	35	23	24	25	78	272

## **Exhibit 1B**

### **Impact of the ACA on the Mississippi Medicaid Budget Segment 1: ACA Mandates (Excludes Optional Adult Expansion) Higher Participation Scenario**

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**Mississippi Division of Medicaid**  
Financial Impact Review of the Patient Protection and Affordable Care Act  
On the Mississippi Medicaid Budget

December 7, 2012

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**Exhibit 1B**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segment 1: ACA Mandates (Excludes Optional Adult Expansion)**  
**Higher Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
<b>Medicaid</b>								
Total (State and Federal)	\$4,809	\$5,097	\$5,403	\$5,727	\$6,071	\$6,435	\$6,821	\$40,362
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	3,517	3,723	3,947	4,184	4,435	4,701	4,983	29,489
State Funds	1,291	1,374	1,456	1,543	1,636	1,734	1,838	10,873
<b>CHIP</b>								
Total (State and Federal)	\$253	\$268	\$284	\$301	\$320	\$339	\$359	\$2,124
FMAP	81.13%	81.04%	81.04%	81.04%	81.04%	81.04%	81.04%	
Federal Funds	205	217	230	244	259	274	291	1,722
State Funds	48	51	54	57	61	64	68	403
<b>Administration</b>								
Total	\$193	\$134	\$142	\$151	\$160	\$169	\$179	\$1,129
FMAP	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	
Federal Funds	110	76	81	86	91	97	102	643
State Funds	83	58	61	65	69	73	77	485
<b>Total Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	\$5,255	\$5,499	\$5,829	\$6,179	\$6,550	\$6,943	\$7,359	\$43,615
Federal Funds	3,833	4,017	4,258	4,514	4,785	5,072	5,376	31,854
<b>State Funds</b>	<b>1,422</b>	<b>1,482</b>	<b>1,571</b>	<b>1,665</b>	<b>1,765</b>	<b>1,871</b>	<b>1,984</b>	<b>11,761</b>
<b>ACA Pharmacy Rebates for MississippiCAN</b>								
Total (State and Federal)	(\$109)	(\$114)	(\$121)	(\$128)	(\$136)	(\$144)	(\$152)	(\$902)
Federal Funds	(80)	(83)	(88)	(93)	(99)	(105)	(111)	(659)
State Funds	(29)	(31)	(33)	(34)	(37)	(39)	(41)	(243)
<b>Total Baseline Expenditures for Current Programs (Adding Back the Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	5,363	\$5,613	\$5,950	\$6,307	\$6,685	\$7,087	\$7,512	\$44,517
Federal Funds	3,912	4,100	4,346	4,607	4,884	5,177	5,487	32,513
<b>State Funds</b>	<b>1,451</b>	<b>1,513</b>	<b>1,604</b>	<b>1,700</b>	<b>1,802</b>	<b>1,910</b>	<b>2,025</b>	<b>12,004</b>



**Exhibit 1B**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segment 1: ACA Mandates (Excludes Optional Adult Expansion)**  
**Higher Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
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**Affordable Care Act Changes:**

Currently Eligible but not Enrolled ("Woodwork" Effect Population)

Total (State and Federal) - Children	\$57	\$121	\$128	\$136	\$144	\$153	\$162	\$900
Total (State and Federal) - Parents / Adults	40	85	90	96	101	108	114	635
Total (State and Federal)	97	206	218	232	245	260	276	1,534
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	71	151	160	169	179	190	201	1,121
State Funds	26	56	59	62	66	70	74	413

Expansion - Newly Eligible under ACA

Total (State and Federal) - Children	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total (State and Federal) - Parents / Adults	0	0	0	0	0	0	0	0
Total (State and Federal)	0	0	0	0	0	0	0	0
FMAP	100.0%	100.0%	100.0%	97.5%	94.5%	93.5%	91.5%	
Federal Funds	0	0	0	0	0	0	0	0
State Funds	0	0	0	0	0	0	0	0

CHIP Program - Enhanced FMAP

Total (State and Federal)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	0	0	40	57	61	64	17	239
State Funds	0	0	(40)	(57)	(61)	(64)	(17)	(239)

Primary Care Physician Fee Increase

Current Program (State and Federal)	\$38	\$41	\$43	\$46	\$48	\$51	\$54	\$322
Expansion (State and Federal)	1	2	3	3	3	3	3	18
Total (State and Federal)	39	43	46	48	51	54	58	339
Federal Funds	39	37	33	35	37	40	42	264
State Funds	0	6	12	13	14	15	16	75

**Exhibit 1B**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segment 1: ACA Mandates (Excludes Optional Adult Expansion)**  
**Higher Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Affordable Care Act Changes:</b>								
Foster Children Expansion to Age 26								
Total (State and Federal)	\$3	\$6	\$6	\$7	\$7	\$8	\$8	\$45
Federal Funds	2	4	5	5	5	6	6	33
State Funds	1	2	2	2	2	2	2	12
Health Insurer Fee								
Total (State and Federal)	\$13	\$38	\$51	\$54	\$58	\$61	\$65	\$340
Federal Funds	9	28	37	40	42	45	47	248
State Funds	3	10	14	15	16	16	17	92
Ongoing Administrative Expenditures								
Total (State and Federal)	\$3	\$5	\$6	\$6	\$6	\$7	\$7	\$39
Federal Funds	1	3	3	3	3	3	4	20
State Funds	1	3	3	3	3	3	4	20
<b>All Programs - After ACA Changes</b>								
Total (State and Federal)	\$5,409	\$5,797	\$6,157	\$6,526	\$6,918	\$7,333	\$7,773	\$45,912
Federal Funds	3,956	4,240	4,536	4,823	5,112	5,419	5,693	33,779
State Funds	<b>1,454</b>	<b>1,558</b>	<b>1,620</b>	<b>1,703</b>	<b>1,805</b>	<b>1,914</b>	<b>2,079</b>	<b>12,133</b>
<b>All Programs - Fiscal Impact of ACA Changes</b>								
Total (State and Federal)	\$155	\$298	\$327	\$347	\$368	\$390	\$413	\$2,297
Federal Funds	123	222	278	309	328	347	317	1,925
State Funds	<b>32</b>	<b>76</b>	<b>49</b>	<b>38</b>	<b>40</b>	<b>42</b>	<b>96</b>	<b>372</b>

## **Exhibit 1C**

### **Impact of the ACA on the Mississippi Medicaid Budget Segment 1: ACA Mandates (Excludes Optional Adult Expansion) Full Participation Scenario**

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**Mississippi Division of Medicaid**  
Financial Impact Review of the Patient Protection and Affordable Care Act  
On the Mississippi Medicaid Budget

December 7, 2012

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**Exhibit 1C**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segment 1: ACA Mandates (Excludes Optional Adult Expansion)**  
**Full Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
<b>Medicaid</b>								
Total (State and Federal)	\$4,809	\$5,097	\$5,403	\$5,727	\$6,071	\$6,435	\$6,821	\$40,362
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	3,517	3,723	3,947	4,184	4,435	4,701	4,983	29,489
State Funds	1,291	1,374	1,456	1,543	1,636	1,734	1,838	10,873
<b>CHIP</b>								
Total (State and Federal)	\$253	\$268	\$284	\$301	\$320	\$339	\$359	\$2,124
FMAP	81.13%	81.04%	81.04%	81.04%	81.04%	81.04%	81.04%	
Federal Funds	205	217	230	244	259	274	291	1,722
State Funds	48	51	54	57	61	64	68	403
<b>Administration</b>								
Total	\$193	\$134	\$142	\$151	\$160	\$169	\$179	\$1,129
FMAP	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	
Federal Funds	110	76	81	86	91	97	102	643
State Funds	83	58	61	65	69	73	77	485
<b>Total Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	\$5,255	\$5,499	\$5,829	\$6,179	\$6,550	\$6,943	\$7,359	\$43,615
Federal Funds	3,833	4,017	4,258	4,514	4,785	5,072	5,376	31,854
<b>State Funds</b>	<b>1,422</b>	<b>1,482</b>	<b>1,571</b>	<b>1,665</b>	<b>1,765</b>	<b>1,871</b>	<b>1,984</b>	<b>11,761</b>
<b>ACA Pharmacy Rebates for MississippiCAN</b>								
Total (State and Federal)	(\$109)	(\$114)	(\$121)	(\$128)	(\$136)	(\$144)	(\$152)	(\$902)
Federal Funds	(80)	(83)	(88)	(93)	(99)	(105)	(111)	(659)
State Funds	(29)	(31)	(33)	(34)	(37)	(39)	(41)	(243)
<b>Total Baseline Expenditures for Current Programs (Adding Back the Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	5,363	\$5,613	\$5,950	\$6,307	\$6,685	\$7,087	\$7,512	\$44,517
Federal Funds	3,912	4,100	4,346	4,607	4,884	5,177	5,487	32,513
<b>State Funds</b>	<b>1,451</b>	<b>1,513</b>	<b>1,604</b>	<b>1,700</b>	<b>1,802</b>	<b>1,910</b>	<b>2,025</b>	<b>12,004</b>

**Exhibit 1C**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segment 1: ACA Mandates (Excludes Optional Adult Expansion)**  
**Full Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
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**Affordable Care Act Changes:**

Currently Eligible but not Enrolled ("Woodwork" Effect Population)

Total (State and Federal) - Children	\$66	\$139	\$148	\$156	\$166	\$176	\$186	\$1,037
Total (State and Federal) - Parents / Adults	46	97	103	109	115	122	130	722
Total (State and Federal)	111	236	250	265	281	298	316	1,759
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	81	173	183	194	205	218	231	1,285
State Funds	30	64	67	72	76	80	85	474

Expansion - Newly Eligible under ACA

Total (State and Federal) - Children	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total (State and Federal) - Parents / Adults	0	0	0	0	0	0	0	0
Total (State and Federal)	0	0	0	0	0	0	0	0
FMAP	100.0%	100.0%	100.0%	97.5%	94.5%	93.5%	91.5%	
Federal Funds	0	0	0	0	0	0	0	0
State Funds	0	0	0	0	0	0	0	0

CHIP Program - Enhanced FMAP

Total (State and Federal)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	0	0	40	57	61	64	17	239
State Funds	0	0	(40)	(57)	(61)	(64)	(17)	(239)

Primary Care Physician Fee Increase

Current Program (State and Federal)	\$38	\$41	\$43	\$46	\$48	\$51	\$54	\$322
Expansion (State and Federal)	1	3	3	3	3	3	4	20
Total (State and Federal)	40	43	46	49	52	55	58	342
Federal Funds	40	37	34	36	38	40	42	266
State Funds	0	6	12	13	14	15	16	76

**Exhibit 1C**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segment 1: ACA Mandates (Excludes Optional Adult Expansion)**  
**Full Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Affordable Care Act Changes:</b>								
Foster Children Expansion to Age 26								
Total (State and Federal)	\$3	\$6	\$6	\$7	\$7	\$8	\$8	\$45
Federal Funds	2	4	5	5	5	6	6	33
State Funds	1	2	2	2	2	2	2	12
Health Insurer Fee								
Total (State and Federal)	\$13	\$38	\$51	\$54	\$58	\$61	\$65	\$340
Federal Funds	9	28	37	40	42	45	47	248
State Funds	3	10	14	15	16	16	17	92
Ongoing Administrative Expenditures								
Total (State and Federal)	\$3	\$6	\$6	\$7	\$7	\$8	\$8	\$45
Federal Funds	1	3	3	3	4	4	4	23
State Funds	1	3	3	3	4	4	4	23
<b>All Programs - After ACA Changes</b>								
Total (State and Federal)	\$5,424	\$5,829	\$6,190	\$6,561	\$6,955	\$7,372	\$7,814	\$46,145
Federal Funds	3,967	4,262	4,560	4,848	5,139	5,448	5,723	33,948
State Funds	<b>1,458</b>	<b>1,566</b>	<b>1,629</b>	<b>1,713</b>	<b>1,815</b>	<b>1,924</b>	<b>2,091</b>	<b>12,197</b>
<b>All Programs - Fiscal Impact of ACA Changes</b>								
Total (State and Federal)	\$170	\$329	\$360	\$382	\$405	\$429	\$455	\$2,530
Federal Funds	134	245	302	335	355	376	347	2,094
State Funds	<b>36</b>	<b>84</b>	<b>58</b>	<b>47</b>	<b>50</b>	<b>53</b>	<b>107</b>	<b>436</b>

## **Exhibit 2A**

### **Impact of the ACA on the Mississippi Medicaid Budget Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL Lower Participation Scenario**

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**Mississippi Division of Medicaid**  
Financial Impact Review of the Patient Protection and Affordable Care Act  
On the Mississippi Medicaid Budget

December 7, 2012

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Exhibit 2A  
Mississippi Division of Medicaid  
Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget  
Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL  
Lower Participation Scenario  
(Values in Millions)

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
<b>Medicaid</b>								
Total (State and Federal)	\$4,809	\$5,097	\$5,403	\$5,727	\$6,071	\$6,435	\$6,821	\$40,362
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	3,517	3,723	3,947	4,184	4,435	4,701	4,983	29,489
State Funds	1,291	1,374	1,456	1,543	1,636	1,734	1,838	10,873
<b>CHIP</b>								
Total (State and Federal)	\$253	\$268	\$284	\$301	\$320	\$339	\$359	\$2,124
FMAP	81.13%	81.04%	81.04%	81.04%	81.04%	81.04%	81.04%	
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Total	\$193	\$134	\$142	\$151	\$160	\$169	\$179	\$1,129
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Federal Funds	3,833	4,017	4,258	4,514	4,785	5,072	5,376	31,854
<b>State Funds</b>	<b>1,422</b>	<b>1,482</b>	<b>1,571</b>	<b>1,665</b>	<b>1,765</b>	<b>1,871</b>	<b>1,984</b>	<b>11,761</b>
<b>ACA Pharmacy Rebates for MississippiCAN</b>								
Total (State and Federal)	(\$109)	(\$114)	(\$121)	(\$128)	(\$136)	(\$144)	(\$152)	(\$902)
Federal Funds	(80)	(83)	(88)	(93)	(99)	(105)	(111)	(659)
State Funds	(29)	(31)	(33)	(34)	(37)	(39)	(41)	(243)
<b>Total Baseline Expenditures for Current Programs (Adding Back the Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	5,363	\$5,613	\$5,950	\$6,307	\$6,685	\$7,087	\$7,512	\$44,517
Federal Funds	3,912	4,100	4,346	4,607	4,884	5,177	5,487	32,513
<b>State Funds</b>	<b>1,451</b>	<b>1,513</b>	<b>1,604</b>	<b>1,700</b>	<b>1,802</b>	<b>1,910</b>	<b>2,025</b>	<b>12,004</b>

**Exhibit 2A**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL**  
**Lower Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Affordable Care Act Changes:</b>								
Currently Eligible but not Enrolled ("Woodwork" Effect Population)								
Total (State and Federal) - Children	\$44	\$93	\$99	\$104	\$111	\$117	\$124	\$693
Total (State and Federal) - Parents / Adults	31	66	70	74	78	83	88	490
Total (State and Federal)	75	159	168	178	189	201	213	1,183
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	55	116	123	130	138	146	155	864
State Funds	20	43	45	48	51	54	57	319
Expansion - Newly Eligible under ACA								
Total (State and Federal) - Children	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total (State and Federal) - Parents / Adults	253	537	570	604	640	678	719	4,002
Total (State and Federal)	253	537	570	604	640	678	719	4,002
FMAP	100.0%	100.0%	100.0%	97.5%	94.5%	93.5%	91.5%	
Federal Funds	253	537	570	589	605	634	658	3,846
State Funds	0	0	0	15	35	44	61	156
CHIP Program - Enhanced FMAP								
Total (State and Federal)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	0	0	40	57	61	64	17	239
State Funds	0	0	(40)	(57)	(61)	(64)	(17)	(239)
Primary Care Physician Fee Increase								
Current Program (State and Federal)	\$38	\$41	\$43	\$46	\$48	\$51	\$54	\$322
Expansion (State and Federal)	4	8	8	9	10	10	11	60
Total (State and Federal)	42	49	52	55	58	61	65	381
Federal Funds	42	43	39	42	44	46	49	305
State Funds	0	6	12	13	14	15	16	76

Exhibit 2A  
Mississippi Division of Medicaid  
Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget  
Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL  
Lower Participation Scenario  
(Values in Millions)

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Affordable Care Act Changes:</b>								
Foster Children Expansion to Age 26								
Total (State and Federal)	\$3	\$6	\$6	\$7	\$7	\$8	\$8	\$45
Federal Funds	2	4	5	5	5	6	6	33
State Funds	1	2	2	2	2	2	2	12
Health Insurer Fee								
Total (State and Federal)	\$13	\$38	\$51	\$54	\$58	\$61	\$65	\$340
Federal Funds	9	28	37	40	42	45	47	248
State Funds	3	10	14	15	16	16	17	92
Ongoing Administrative Expenditures								
Total (State and Federal)	\$8	\$18	\$19	\$20	\$21	\$22	\$23	\$131
Federal Funds	4	9	9	10	10	11	12	65
State Funds	4	9	9	10	10	11	12	65
<b>All Programs - After ACA Changes</b>								
Total (State and Federal)	\$5,649	\$6,306	\$6,695	\$7,097	\$7,523	\$7,974	\$8,452	\$49,696
Federal Funds	4,199	4,754	5,082	5,386	5,690	6,024	6,320	37,455
State Funds	1,451	1,551	1,613	1,711	1,833	1,950	2,132	12,240
<b>All Programs - Fiscal Impact of ACA Changes</b>								
Total (State and Federal)	\$395	\$806	\$866	\$918	\$973	\$1,031	\$1,093	\$6,081
Federal Funds	366	737	824	872	905	953	944	5,601
State Funds	28	69	42	45	68	78	149	480

## **Exhibit 2B**

### **Impact of the ACA on the Mississippi Medicaid Budget Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL Higher Participation Scenario**

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**Mississippi Division of Medicaid**  
Financial Impact Review of the Patient Protection and Affordable Care Act  
On the Mississippi Medicaid Budget

December 7, 2012

This report assumes that the reader is familiar with the state of Mississippi's Medicaid program and federal healthcare reform. The report was prepared solely to provide assistance to the Mississippi Division of Medicaid to model the financial impact of federal healthcare reform provisions. It may not be appropriate for other purposes. Milliman does not intend to benefit, and assumes no duty or liability to, other parties who receive this work. This material should only be reviewed in its entirety.

**Exhibit 2B**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL**  
**Higher Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
<b>Medicaid</b>								
Total (State and Federal)	\$4,809	\$5,097	\$5,403	\$5,727	\$6,071	\$6,435	\$6,821	\$40,362
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	3,517	3,723	3,947	4,184	4,435	4,701	4,983	29,489
State Funds	1,291	1,374	1,456	1,543	1,636	1,734	1,838	10,873
<b>CHIP</b>								
Total (State and Federal)	\$253	\$268	\$284	\$301	\$320	\$339	\$359	\$2,124
FMAP	81.13%	81.04%	81.04%	81.04%	81.04%	81.04%	81.04%	
Federal Funds	205	217	230	244	259	274	291	1,722
State Funds	48	51	54	57	61	64	68	403
<b>Administration</b>								
Total	\$193	\$134	\$142	\$151	\$160	\$169	\$179	\$1,129
FMAP	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	
Federal Funds	110	76	81	86	91	97	102	643
State Funds	83	58	61	65	69	73	77	485
<b>Total Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	\$5,255	\$5,499	\$5,829	\$6,179	\$6,550	\$6,943	\$7,359	\$43,615
Federal Funds	3,833	4,017	4,258	4,514	4,785	5,072	5,376	31,854
<b>State Funds</b>	<b>1,422</b>	<b>1,482</b>	<b>1,571</b>	<b>1,665</b>	<b>1,765</b>	<b>1,871</b>	<b>1,984</b>	<b>11,761</b>
<b>ACA Pharmacy Rebates for MississippiCAN</b>								
Total (State and Federal)	(\$109)	(\$114)	(\$121)	(\$128)	(\$136)	(\$144)	(\$152)	(\$902)
Federal Funds	(80)	(83)	(88)	(93)	(99)	(105)	(111)	(659)
State Funds	(29)	(31)	(33)	(34)	(37)	(39)	(41)	(243)
<b>Total Baseline Expenditures for Current Programs (Adding Back the Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	5,363	\$5,613	\$5,950	\$6,307	\$6,685	\$7,087	\$7,512	\$44,517
Federal Funds	3,912	4,100	4,346	4,607	4,884	5,177	5,487	32,513
<b>State Funds</b>	<b>1,451</b>	<b>1,513</b>	<b>1,604</b>	<b>1,700</b>	<b>1,802</b>	<b>1,910</b>	<b>2,025</b>	<b>12,004</b>

**Exhibit 2B**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL**  
**Higher Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Affordable Care Act Changes:</b>								
Currently Eligible but not Enrolled ("Woodwork" Effect Population)								
Total (State and Federal) - Children	\$57	\$121	\$128	\$136	\$144	\$153	\$162	\$900
Total (State and Federal) - Parents / Adults	40	85	90	96	101	108	114	635
Total (State and Federal)	97	206	218	232	245	260	276	1,534
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	71	151	160	169	179	190	201	1,121
State Funds	26	56	59	62	66	70	74	413
Expansion - Newly Eligible under ACA								
Total (State and Federal) - Children	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total (State and Federal) - Parents / Adults	342	724	768	814	863	914	969	5,394
Total (State and Federal)	342	724	768	814	863	914	969	5,394
FMAP	100.0%	100.0%	100.0%	97.5%	94.5%	93.5%	91.5%	
Federal Funds	342	724	768	794	815	855	887	5,185
State Funds	0	0	0	20	47	59	82	210
CHIP Program - Enhanced FMAP								
Total (State and Federal)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	0	0	40	57	61	64	17	239
State Funds	0	0	(40)	(57)	(61)	(64)	(17)	(239)
Primary Care Physician Fee Increase								
Current Program (State and Federal)	\$38	\$41	\$43	\$46	\$48	\$51	\$54	\$322
Expansion (State and Federal)	5	11	11	12	13	14	14	80
Total (State and Federal)	43	51	54	58	61	65	69	401
Federal Funds	43	46	42	44	47	49	52	324
State Funds	0	6	12	13	14	15	16	77

**Exhibit 2B**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL**  
**Higher Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Affordable Care Act Changes:</b>								
Foster Children Expansion to Age 26								
Total (State and Federal)	\$3	\$6	\$6	\$7	\$7	\$8	\$8	\$45
Federal Funds	2	4	5	5	5	6	6	33
State Funds	1	2	2	2	2	2	2	12
Health Insurer Fee								
Total (State and Federal)	\$13	\$38	\$51	\$54	\$58	\$61	\$65	\$340
Federal Funds	9	28	37	40	42	45	47	248
State Funds	3	10	14	15	16	16	17	92
Ongoing Administrative Expenditures								
Total (State and Federal)	\$11	\$23	\$25	\$26	\$28	\$30	\$31	\$174
Federal Funds	6	12	12	13	14	15	16	87
State Funds	6	12	12	13	14	15	16	87
<b>All Programs - After ACA Changes</b>								
Total (State and Federal)	\$5,764	\$6,548	\$6,952	\$7,370	\$7,812	\$8,280	\$8,777	\$51,504
Federal Funds	4,306	4,981	5,323	5,636	5,948	6,295	6,602	39,091
State Funds	<b>1,458</b>	<b>1,567</b>	<b>1,630</b>	<b>1,734</b>	<b>1,864</b>	<b>1,985</b>	<b>2,175</b>	<b>12,413</b>
<b>All Programs - Fiscal Impact of ACA Changes</b>								
Total (State and Federal)	\$509	\$1,049	\$1,123	\$1,190	\$1,262	\$1,338	\$1,418	\$7,889
Federal Funds	473	964	1,064	1,122	1,163	1,224	1,226	7,237
State Funds	<b>36</b>	<b>85</b>	<b>59</b>	<b>68</b>	<b>99</b>	<b>114</b>	<b>191</b>	<b>652</b>

## **Exhibit 2C**

### **Impact of the ACA on the Mississippi Medicaid Budget Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL Full Participation Scenario**

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**Mississippi Division of Medicaid**  
Financial Impact Review of the Patient Protection and Affordable Care Act  
On the Mississippi Medicaid Budget

December 7, 2012

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Exhibit 2C  
Mississippi Division of Medicaid  
Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget  
Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL  
Full Participation Scenario  
(Values in Millions)

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
<b>Medicaid</b>								
Total (State and Federal)	\$4,809	\$5,097	\$5,403	\$5,727	\$6,071	\$6,435	\$6,821	\$40,362
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	3,517	3,723	3,947	4,184	4,435	4,701	4,983	29,489
State Funds	1,291	1,374	1,456	1,543	1,636	1,734	1,838	10,873
<b>CHIP</b>								
Total (State and Federal)	\$253	\$268	\$284	\$301	\$320	\$339	\$359	\$2,124
FMAP	81.13%	81.04%	81.04%	81.04%	81.04%	81.04%	81.04%	
Federal Funds	205	217	230	244	259	274	291	1,722
State Funds	48	51	54	57	61	64	68	403
<b>Administration</b>								
Total	\$193	\$134	\$142	\$151	\$160	\$169	\$179	\$1,129
FMAP	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	
Federal Funds	110	76	81	86	91	97	102	643
State Funds	83	58	61	65	69	73	77	485
<b>Total Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	\$5,255	\$5,499	\$5,829	\$6,179	\$6,550	\$6,943	\$7,359	\$43,615
Federal Funds	3,833	4,017	4,258	4,514	4,785	5,072	5,376	31,854
<b>State Funds</b>	<b>1,422</b>	<b>1,482</b>	<b>1,571</b>	<b>1,665</b>	<b>1,765</b>	<b>1,871</b>	<b>1,984</b>	<b>11,761</b>
<b>ACA Pharmacy Rebates for MississippiCAN</b>								
Total (State and Federal)	(\$109)	(\$114)	(\$121)	(\$128)	(\$136)	(\$144)	(\$152)	(\$902)
Federal Funds	(80)	(83)	(88)	(93)	(99)	(105)	(111)	(659)
State Funds	(29)	(31)	(33)	(34)	(37)	(39)	(41)	(243)
<b>Total Baseline Expenditures for Current Programs (Adding Back the Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	5,363	\$5,613	\$5,950	\$6,307	\$6,685	\$7,087	\$7,512	\$44,517
Federal Funds	3,912	4,100	4,346	4,607	4,884	5,177	5,487	32,513
<b>State Funds</b>	<b>1,451</b>	<b>1,513</b>	<b>1,604</b>	<b>1,700</b>	<b>1,802</b>	<b>1,910</b>	<b>2,025</b>	<b>12,004</b>

**Exhibit 2C**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL**  
**Full Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
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**Affordable Care Act Changes:**

Currently Eligible but not Enrolled ("Woodwork" Effect Population)

Total (State and Federal) - Children	\$66	\$139	\$148	\$156	\$166	\$176	\$186	\$1,037
Total (State and Federal) - Parents / Adults	46	97	103	109	115	122	130	722
Total (State and Federal)	111	236	250	265	281	298	316	1,759
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	81	173	183	194	205	218	231	1,285
State Funds	30	64	67	72	76	80	85	474

Expansion - Newly Eligible under ACA

Total (State and Federal) - Children	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total (State and Federal) - Parents / Adults	448	949	1,006	1,066	1,130	1,198	1,270	7,067
Total (State and Federal)	448	949	1,006	1,066	1,130	1,198	1,270	7,067
FMAP	100.0%	100.0%	100.0%	97.5%	94.5%	93.5%	91.5%	
Federal Funds	448	949	1,006	1,040	1,068	1,120	1,162	6,792
State Funds	0	0	0	27	62	78	108	275

CHIP Program - Enhanced FMAP

Total (State and Federal)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	0	0	40	57	61	64	17	239
State Funds	0	0	(40)	(57)	(61)	(64)	(17)	(239)

Primary Care Physician Fee Increase

Current Program (State and Federal)	\$38	\$41	\$43	\$46	\$48	\$51	\$54	\$322
Expansion (State and Federal)	6	14	14	15	16	17	18	102
Total (State and Federal)	45	54	57	61	65	68	73	423
Federal Funds	45	48	45	48	50	53	56	344
State Funds	0	6	12	13	15	16	17	79

**Exhibit 2C**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 and 2: ACA Mandates and Partial Expansion – Adults up to 100% of FPL**  
**Full Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Affordable Care Act Changes:</b>								
Foster Children Expansion to Age 26								
Total (State and Federal)	\$3	\$6	\$6	\$7	\$7	\$8	\$8	\$45
Federal Funds	2	4	5	5	5	6	6	33
State Funds	1	2	2	2	2	2	2	12
Health Insurer Fee								
Total (State and Federal)	\$13	\$38	\$51	\$54	\$58	\$61	\$65	\$340
Federal Funds	9	28	37	40	42	45	47	248
State Funds	3	10	14	15	16	16	17	92
Ongoing Administrative Expenditures								
Total (State and Federal)	\$14	\$30	\$32	\$33	\$35	\$38	\$40	\$222
Federal Funds	7	15	16	17	18	19	20	111
State Funds	7	15	16	17	18	19	20	111
<b>All Programs - After ACA Changes</b>								
Total (State and Federal)	\$5,888	\$6,812	\$7,232	\$7,666	\$8,126	\$8,614	\$9,131	\$53,470
Federal Funds	4,425	5,234	5,590	5,913	6,234	6,596	6,915	40,906
State Funds	<b>1,463</b>	<b>1,578</b>	<b>1,642</b>	<b>1,753</b>	<b>1,893</b>	<b>2,018</b>	<b>2,216</b>	<b>12,563</b>
<b>All Programs - Fiscal Impact of ACA Changes</b>								
Total (State and Federal)	\$634	\$1,313	\$1,403	\$1,487	\$1,576	\$1,671	\$1,771	\$9,855
Federal Funds	592	1,217	1,332	1,399	1,449	1,524	1,539	9,052
State Funds	<b>41</b>	<b>96</b>	<b>71</b>	<b>88</b>	<b>127</b>	<b>147</b>	<b>232</b>	<b>802</b>

## **Exhibit 3A**

### **Impact of the ACA on the Mississippi Medicaid Budget Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL Lower Participation Scenario**

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**Mississippi Division of Medicaid**  
Financial Impact Review of the Patient Protection and Affordable Care Act  
On the Mississippi Medicaid Budget

December 7, 2012

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Exhibit 3A  
Mississippi Division of Medicaid  
Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget  
Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL  
Lower Participation Scenario  
(Values in Millions)

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
<b>Medicaid</b>								
Total (State and Federal)	\$4,809	\$5,097	\$5,403	\$5,727	\$6,071	\$6,435	\$6,821	\$40,362
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	3,517	3,723	3,947	4,184	4,435	4,701	4,983	29,489
State Funds	1,291	1,374	1,456	1,543	1,636	1,734	1,838	10,873
<b>CHIP</b>								
Total (State and Federal)	\$253	\$268	\$284	\$301	\$320	\$339	\$359	\$2,124
FMAP	81.13%	81.04%	81.04%	81.04%	81.04%	81.04%	81.04%	
Federal Funds	205	217	230	244	259	274	291	1,722
State Funds	48	51	54	57	61	64	68	403
<b>Administration</b>								
Total	\$193	\$134	\$142	\$151	\$160	\$169	\$179	\$1,129
FMAP	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	
Federal Funds	110	76	81	86	91	97	102	643
State Funds	83	58	61	65	69	73	77	485
<b>Total Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	\$5,255	\$5,499	\$5,829	\$6,179	\$6,550	\$6,943	\$7,359	\$43,615
Federal Funds	3,833	4,017	4,258	4,514	4,785	5,072	5,376	31,854
<b>State Funds</b>	<b>1,422</b>	<b>1,482</b>	<b>1,571</b>	<b>1,665</b>	<b>1,765</b>	<b>1,871</b>	<b>1,984</b>	<b>11,761</b>
<b>ACA Pharmacy Rebates for MississippiCAN</b>								
Total (State and Federal)	(\$109)	(\$114)	(\$121)	(\$128)	(\$136)	(\$144)	(\$152)	(\$902)
Federal Funds	(80)	(83)	(88)	(93)	(99)	(105)	(111)	(659)
State Funds	(29)	(31)	(33)	(34)	(37)	(39)	(41)	(243)
<b>Total Baseline Expenditures for Current Programs (Adding Back the Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	5,363	\$5,613	\$5,950	\$6,307	\$6,685	\$7,087	\$7,512	\$44,517
Federal Funds	3,912	4,100	4,346	4,607	4,884	5,177	5,487	32,513
<b>State Funds</b>	<b>1,451</b>	<b>1,513</b>	<b>1,604</b>	<b>1,700</b>	<b>1,802</b>	<b>1,910</b>	<b>2,025</b>	<b>12,004</b>

**Exhibit 3A**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL**  
**Lower Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
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**Affordable Care Act Changes:**

Currently Eligible but not Enrolled ("Woodwork" Effect Population)

Total (State and Federal) - Children	\$44	\$93	\$99	\$104	\$111	\$117	\$124	\$693
Total (State and Federal) - Parents / Adults	31	66	70	74	78	83	88	490
Total (State and Federal)	75	159	168	178	189	201	213	1,183
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	55	116	123	130	138	146	155	864
State Funds	20	43	45	48	51	54	57	319

Expansion - Newly Eligible under ACA

Total (State and Federal) - Children	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total (State and Federal) - Parents / Adults	411	872	925	980	1,039	1,101	1,167	6,496
Total (State and Federal)	411	872	925	980	1,039	1,101	1,167	6,496
FMAP	100.0%	100.0%	100.0%	97.5%	94.5%	93.5%	91.5%	
Federal Funds	411	872	925	956	982	1,030	1,068	6,243
State Funds	0	0	0	25	57	72	99	252

CHIP Program - Enhanced FMAP

Total (State and Federal)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	0	0	40	57	61	64	17	239
State Funds	0	0	(40)	(57)	(61)	(64)	(17)	(239)

Primary Care Physician Fee Increase

Current Program (State and Federal)	\$38	\$41	\$43	\$46	\$48	\$51	\$54	\$322
Expansion (State and Federal)	6	12	13	13	14	15	16	88
Total (State and Federal)	44	52	56	59	62	66	70	410
Federal Funds	44	47	43	46	48	51	54	333
State Funds	0	6	12	13	14	15	16	77

**Exhibit 3A**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL**  
**Lower Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Affordable Care Act Changes:</b>								
Foster Children Expansion to Age 26								
Total (State and Federal)	\$3	\$6	\$6	\$7	\$7	\$8	\$8	\$45
Federal Funds	2	4	5	5	5	6	6	33
State Funds	1	2	2	2	2	2	2	12
Health Insurer Fee								
Total (State and Federal)	\$13	\$38	\$51	\$54	\$58	\$61	\$65	\$340
Federal Funds	9	28	37	40	42	45	47	248
State Funds	3	10	14	15	16	16	17	92
Ongoing Administrative Expenditures								
Total (State and Federal)	\$12	\$26	\$27	\$29	\$31	\$33	\$35	\$193
Federal Funds	6	13	14	15	15	16	17	97
State Funds	6	13	14	15	15	16	17	97
<b>All Programs - After ACA Changes</b>								
Total (State and Federal)	\$5,813	\$6,653	\$7,063	\$7,487	\$7,936	\$8,412	\$8,917	\$52,281
Federal Funds	4,360	5,097	5,446	5,762	6,076	6,429	6,741	39,911
<b>State Funds</b>	<b>1,453</b>	<b>1,555</b>	<b>1,617</b>	<b>1,725</b>	<b>1,860</b>	<b>1,983</b>	<b>2,176</b>	<b>12,370</b>
<b>All Programs - Fiscal Impact of ACA Changes</b>								
Total (State and Federal)	\$558	\$1,153	\$1,234	\$1,308	\$1,386	\$1,469	\$1,557	\$8,666
Federal Funds	528	1,080	1,187	1,248	1,291	1,358	1,365	8,057
<b>State Funds</b>	<b>30</b>	<b>73</b>	<b>46</b>	<b>60</b>	<b>95</b>	<b>112</b>	<b>193</b>	<b>609</b>

## **Exhibit 3B**

### **Impact of the ACA on the Mississippi Medicaid Budget Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL Higher Participation Scenario**

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**Mississippi Division of Medicaid**  
Financial Impact Review of the Patient Protection and Affordable Care Act  
On the Mississippi Medicaid Budget

December 7, 2012

This report assumes that the reader is familiar with the state of Mississippi's Medicaid program and federal healthcare reform. The report was prepared solely to provide assistance to the Mississippi Division of Medicaid to model the financial impact of federal healthcare reform provisions. It may not be appropriate for other purposes. Milliman does not intend to benefit, and assumes no duty or liability to, other parties who receive this work. This material should only be reviewed in its entirety.



**Exhibit 3B**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL**  
**Higher Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
<b>Medicaid</b>								
Total (State and Federal)	\$4,809	\$5,097	\$5,403	\$5,727	\$6,071	\$6,435	\$6,821	\$40,362
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	3,517	3,723	3,947	4,184	4,435	4,701	4,983	29,489
State Funds	1,291	1,374	1,456	1,543	1,636	1,734	1,838	10,873
<b>CHIP</b>								
Total (State and Federal)	\$253	\$268	\$284	\$301	\$320	\$339	\$359	\$2,124
FMAP	81.13%	81.04%	81.04%	81.04%	81.04%	81.04%	81.04%	
Federal Funds	205	217	230	244	259	274	291	1,722
State Funds	48	51	54	57	61	64	68	403
<b>Administration</b>								
Total	\$193	\$134	\$142	\$151	\$160	\$169	\$179	\$1,129
FMAP	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	
Federal Funds	110	76	81	86	91	97	102	643
State Funds	83	58	61	65	69	73	77	485
<b>Total Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	\$5,255	\$5,499	\$5,829	\$6,179	\$6,550	\$6,943	\$7,359	\$43,615
Federal Funds	3,833	4,017	4,258	4,514	4,785	5,072	5,376	31,854
<b>State Funds</b>	<b>1,422</b>	<b>1,482</b>	<b>1,571</b>	<b>1,665</b>	<b>1,765</b>	<b>1,871</b>	<b>1,984</b>	<b>11,761</b>
<b>ACA Pharmacy Rebates for MississippiCAN</b>								
Total (State and Federal)	(\$109)	(\$114)	(\$121)	(\$128)	(\$136)	(\$144)	(\$152)	(\$902)
Federal Funds	(80)	(83)	(88)	(93)	(99)	(105)	(111)	(659)
State Funds	(29)	(31)	(33)	(34)	(37)	(39)	(41)	(243)
<b>Total Baseline Expenditures for Current Programs (Adding Back the Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	5,363	\$5,613	\$5,950	\$6,307	\$6,685	\$7,087	\$7,512	\$44,517
Federal Funds	3,912	4,100	4,346	4,607	4,884	5,177	5,487	32,513
<b>State Funds</b>	<b>1,451</b>	<b>1,513</b>	<b>1,604</b>	<b>1,700</b>	<b>1,802</b>	<b>1,910</b>	<b>2,025</b>	<b>12,004</b>

**Exhibit 3B**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL**  
**Higher Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Affordable Care Act Changes:</b>								
Currently Eligible but not Enrolled ("Woodwork" Effect Population)								
Total (State and Federal) - Children	\$57	\$121	\$128	\$136	\$144	\$153	\$162	\$900
Total (State and Federal) - Parents / Adults	40	85	90	96	101	108	114	635
Total (State and Federal)	97	206	218	232	245	260	276	1,534
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	71	151	160	169	179	190	201	1,121
State Funds	26	56	59	62	66	70	74	413
Expansion - Newly Eligible under ACA								
Total (State and Federal) - Children	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total (State and Federal) - Parents / Adults	556	1,178	1,249	1,324	1,403	1,487	1,577	8,774
Total (State and Federal)	556	1,178	1,249	1,324	1,403	1,487	1,577	8,774
FMAP	100.0%	100.0%	100.0%	97.5%	94.5%	93.5%	91.5%	
Federal Funds	556	1,178	1,249	1,291	1,326	1,391	1,443	8,433
State Funds	0	0	0	33	77	97	134	341
CHIP Program - Enhanced FMAP								
Total (State and Federal)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	0	0	40	57	61	64	17	239
State Funds	0	0	(40)	(57)	(61)	(64)	(17)	(239)
Primary Care Physician Fee Increase								
Current Program (State and Federal)	\$38	\$41	\$43	\$46	\$48	\$51	\$54	\$322
Expansion (State and Federal)	8	16	17	18	19	20	21	119
Total (State and Federal)	46	57	60	64	67	71	76	440
Federal Funds	46	51	48	50	53	56	59	361
State Funds	0	6	12	13	15	16	17	79

**Exhibit 3B**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL**  
**Higher Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Affordable Care Act Changes:</b>								
Foster Children Expansion to Age 26								
Total (State and Federal)	\$3	\$6	\$6	\$7	\$7	\$8	\$8	\$45
Federal Funds	2	4	5	5	5	6	6	33
State Funds	1	2	2	2	2	2	2	12
Health Insurer Fee								
Total (State and Federal)	\$13	\$38	\$51	\$54	\$58	\$61	\$65	\$340
Federal Funds	9	28	37	40	42	45	47	248
State Funds	3	10	14	15	16	16	17	92
Ongoing Administrative Expenditures								
Total (State and Federal)	\$16	\$35	\$37	\$39	\$41	\$44	\$47	\$259
Federal Funds	8	17	18	20	21	22	23	129
State Funds	8	17	18	20	21	22	23	129
<b>All Programs - After ACA Changes</b>								
Total (State and Federal)	\$5,985	\$7,019	\$7,451	\$7,898	\$8,372	\$8,874	\$9,407	\$55,006
Federal Funds	4,525	5,446	5,815	6,145	6,471	6,844	7,172	42,419
<b>State Funds</b>	<b>1,461</b>	<b>1,573</b>	<b>1,636</b>	<b>1,753</b>	<b>1,901</b>	<b>2,030</b>	<b>2,235</b>	<b>12,588</b>
<b>All Programs - Fiscal Impact of ACA Changes</b>								
Total (State and Federal)	\$731	\$1,519	\$1,622	\$1,719	\$1,822	\$1,931	\$2,047	\$11,391
Federal Funds	692	1,429	1,557	1,631	1,687	1,773	1,796	10,565
<b>State Funds</b>	<b>39</b>	<b>90</b>	<b>65</b>	<b>88</b>	<b>136</b>	<b>159</b>	<b>251</b>	<b>827</b>

## **Exhibit 3C**

### **Impact of the ACA on the Mississippi Medicaid Budget Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL Full Participation Scenario**

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**Mississippi Division of Medicaid**  
Financial Impact Review of the Patient Protection and Affordable Care Act  
On the Mississippi Medicaid Budget

December 7, 2012

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**Exhibit 3C**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL**  
**Full Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
<b>Medicaid</b>								
Total (State and Federal)	\$4,809	\$5,097	\$5,403	\$5,727	\$6,071	\$6,435	\$6,821	\$40,362
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	3,517	3,723	3,947	4,184	4,435	4,701	4,983	29,489
State Funds	1,291	1,374	1,456	1,543	1,636	1,734	1,838	10,873
<b>CHIP</b>								
Total (State and Federal)	\$253	\$268	\$284	\$301	\$320	\$339	\$359	\$2,124
FMAP	81.13%	81.04%	81.04%	81.04%	81.04%	81.04%	81.04%	
Federal Funds	205	217	230	244	259	274	291	1,722
State Funds	48	51	54	57	61	64	68	403
<b>Administration</b>								
Total	\$193	\$134	\$142	\$151	\$160	\$169	\$179	\$1,129
FMAP	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	
Federal Funds	110	76	81	86	91	97	102	643
State Funds	83	58	61	65	69	73	77	485
<b>Total Baseline Expenditures for Current Programs (Includes Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	\$5,255	\$5,499	\$5,829	\$6,179	\$6,550	\$6,943	\$7,359	\$43,615
Federal Funds	3,833	4,017	4,258	4,514	4,785	5,072	5,376	31,854
<b>State Funds</b>	<b>1,422</b>	<b>1,482</b>	<b>1,571</b>	<b>1,665</b>	<b>1,765</b>	<b>1,871</b>	<b>1,984</b>	<b>11,761</b>
<b>ACA Pharmacy Rebates for MississippiCAN</b>								
Total (State and Federal)	(\$109)	(\$114)	(\$121)	(\$128)	(\$136)	(\$144)	(\$152)	(\$902)
Federal Funds	(80)	(83)	(88)	(93)	(99)	(105)	(111)	(659)
State Funds	(29)	(31)	(33)	(34)	(37)	(39)	(41)	(243)
<b>Total Baseline Expenditures for Current Programs (Adding Back the Impact of ACA Pharmacy Rebates for MississippiCAN)</b>								
Total (State and Federal)	5,363	\$5,613	\$5,950	\$6,307	\$6,685	\$7,087	\$7,512	\$44,517
Federal Funds	3,912	4,100	4,346	4,607	4,884	5,177	5,487	32,513
<b>State Funds</b>	<b>1,451</b>	<b>1,513</b>	<b>1,604</b>	<b>1,700</b>	<b>1,802</b>	<b>1,910</b>	<b>2,025</b>	<b>12,004</b>

**Exhibit 3C**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL**  
**Full Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Affordable Care Act Changes:</b>								
Currently Eligible but not Enrolled ("Woodwork" Effect Population)								
Total (State and Federal) - Children	\$66	\$139	\$148	\$156	\$166	\$176	\$186	\$1,037
Total (State and Federal) - Parents / Adults	46	97	103	109	115	122	130	722
Total (State and Federal)	111	236	250	265	281	298	316	1,759
FMAP	73.15%	73.05%	73.05%	73.05%	73.05%	73.05%	73.05%	
Federal Funds	81	173	183	194	205	218	231	1,285
State Funds	30	64	67	72	76	80	85	474
Expansion - Newly Eligible under ACA								
Total (State and Federal) - Children	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total (State and Federal) - Parents / Adults	728	1,543	1,636	1,734	1,838	1,949	2,066	11,494
Total (State and Federal)	728	1,543	1,636	1,734	1,838	1,949	2,066	11,494
FMAP	100.0%	100.0%	100.0%	97.5%	94.5%	93.5%	91.5%	
Federal Funds	728	1,543	1,636	1,691	1,737	1,822	1,890	11,048
State Funds	0	0	0	43	101	127	176	447
CHIP Program - Enhanced FMAP								
Total (State and Federal)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	0	0	40	57	61	64	17	239
State Funds	0	0	(40)	(57)	(61)	(64)	(17)	(239)
Primary Care Physician Fee Increase								
Current Program (State and Federal)	\$38	\$41	\$43	\$46	\$48	\$51	\$54	\$322
Expansion (State and Federal)	10	20	22	23	24	26	27	152
Total (State and Federal)	48	61	65	69	73	77	82	474
Federal Funds	48	55	52	55	58	61	64	393
State Funds	0	6	12	14	15	16	18	81

**Exhibit 3C**  
**Mississippi Division of Medicaid**  
**Financial Impact of the Affordable Care Act on Mississippi Medicaid Budget**  
**Segments 1 - 3: ACA Mandates and Full Expansion – Adults up to 138% of FPL**  
**Full Participation Scenario**  
**(Values in Millions)**

	<u>SFY 2014</u>	<u>SFY 2015</u>	<u>SFY 2016</u>	<u>SFY 2017</u>	<u>SFY 2018</u>	<u>SFY 2019</u>	<u>SFY 2020</u>	<u>SFY 2014 - SFY 2020</u>
<b>Affordable Care Act Changes:</b>								
Foster Children Expansion to Age 26								
Total (State and Federal)	\$3	\$6	\$6	\$7	\$7	\$8	\$8	\$45
Federal Funds	2	4	5	5	5	6	6	33
State Funds	1	2	2	2	2	2	2	12
Health Insurer Fee								
Total (State and Federal)	\$13	\$38	\$51	\$54	\$58	\$61	\$65	\$340
Federal Funds	9	28	37	40	42	45	47	248
State Funds	3	10	14	15	16	16	17	92
Ongoing Administrative Expenditures								
Total (State and Federal)	\$21	\$45	\$47	\$50	\$53	\$56	\$60	\$332
Federal Funds	11	22	24	25	27	28	30	166
State Funds	11	22	24	25	27	28	30	166
<b>All Programs - After ACA Changes</b>								
Total (State and Federal)	\$6,179	\$7,429	\$7,885	\$8,359	\$8,860	\$9,392	\$9,955	\$58,059
Federal Funds	4,712	5,843	6,236	6,580	6,919	7,315	7,661	45,266
State Funds	<b>1,467</b>	<b>1,586</b>	<b>1,650</b>	<b>1,778</b>	<b>1,941</b>	<b>2,077</b>	<b>2,294</b>	<b>12,792</b>
<b>All Programs - Fiscal Impact of ACA Changes</b>								
Total (State and Federal)	\$924	\$1,929	\$2,056	\$2,179	\$2,310	\$2,449	\$2,596	\$14,444
Federal Funds	880	1,825	1,977	2,067	2,135	2,243	2,285	13,412
State Funds	<b>45</b>	<b>104</b>	<b>79</b>	<b>113</b>	<b>175</b>	<b>206</b>	<b>311</b>	<b>1,032</b>